



## 2016 NOTICE OF ANNUAL GENERAL MEETING

MOBILE EMBRACE LIMITED ABN 24 089 805 416

Notice is hereby given that the Annual General Meeting of Mobile Embrace Limited (the "Company") will be held at:

Mobile Embrace Limited  
Level 23, 100 William Street  
Sydney NSW 2000

On **Thursday 24 November 2016 At 11.00am (Sydney time).**

For personal use only

# AGENDA

## ITEM 1 – STATEMENTS AND REPORTS

To receive and consider the Annual Financial Report, together with the reports and statements of the Directors and of the Auditor for the financial period ended 30 June 2016.

Note: There is no requirement for shareholders to approve these reports.

## ITEM 2 – ORDINARY BUSINESS

### RESOLUTION 1: ADOPTION OF REMUNERATION REPORT

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

***“To adopt the Remuneration Report set out in the Directors’ Report for the year ended 30 June 2016”***

Notes:

- This Resolution is advisory only, and does not bind the Directors or the Company.
- The Directors will consider the outcome of the vote and comments made by shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies.
- If 25% or more of the votes cast are voted against the adoption of the Remuneration Report at two consecutive AGM's, shareholders will be required to vote at the second of those AGM's on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's directors (other than the Managing Director) must go up for re-election.

Please note that the vote on Resolution 1 is put to Shareholders to allow reasonable opportunity for Shareholders to ask questions about or comment on the Remuneration Report which is included in the Directors' Report forming part of the Annual Report. For those Shareholders who did not receive the Annual Report, it is available on the Company's website.

Voting Exclusion Statement:

In accordance with section 250R (4) of the Act, no member of the key management personnel of the Company or a closely related party of such a member may vote on Resolution 1.

However, in accordance with the Act, a person described above may vote on Resolution 1 if:

- It is cast by such person as proxy for a person who is permitted to vote, in accordance with the direction specified on the proxy form how to vote; or
- It is cast by the Chairman as proxy for a person who is permitted to vote, in accordance with the appointment which expressly authorises the chair of the meeting to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

Chairman appointed as proxy:

If the Chairman is appointed as a proxy for a person who is permitted to vote on this Resolution 1, the Chairman will vote any proxies which do not indicate on their proxy form the way the Chairman must vote, in favour of Resolution 1.

### RESOLUTION 2: RE-ELECTION OF MR GAVIN WHYTE AS A NON-EXECUTIVE DIRECTOR

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

***“That Gavin Whyte, a Director retiring in accordance with Rule 6.4 of the Company's constitution, being eligible, is re-elected as a Director of Mobile Embrace Limited.”***

Notes:

- The non-candidate Directors unanimously support the re-election of Mr Whyte.

The Chairman intends to vote undirected proxies in favour of the re-election of Mr Whyte.

## ITEM 3 – SPECIAL BUSINESS

### RESOLUTION 3: APPROVAL OF 10% PLACEMENT FACILITY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special** resolution:

***“That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of additional Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum.”***

Notes:

The Directors unanimously support the approval of the 10% Placement Facility.

Voting Exclusion Statement:

The Company will disregard any votes cast on this Resolution by a person (and any associates of such a person) who may participate in the 10% Placement Facility and a person who might obtain a benefit, except solely in the capacity of a holder of Shares, if this Resolution is passed.

However, the Company will not disregard a vote if:

- It is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or
- It is cast by the Chairman 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.

The Chairman of the meeting intends to vote undirected proxies in favour of the approval of the 10% Placement Facility.

### RESOLUTION 4: RATIFICATION OF UNLISTED OPTION PLACEMENT

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

***“That, for the purposes of Listing Rule 7.4 and for all other purposes, the Shareholders approve and ratify the prior allotment and issue of 3,000,000 Unlisted Options to various persons on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”***

Notes:

The Directors unanimously support the approval of the ratification of the unlisted options placement.

Voting Exclusion Statement:

In accordance with Listing Rule 14.11, the Company will disregard any votes cast on Resolution 4 by the participants in the unlisted options placement, or any of their associates.

However, in accordance with the Listing Rules, the Company need not disregard a vote if:

- it is cast by a person as a proxy for a Shareholder who is entitled to vote, in accordance with the directions on the proxy form; or
- if it is cast by the Chairman of the Meeting as proxy for a Shareholder who is entitled to vote, in accordance with the directions on the proxy form.

The Chairman of the meeting intends to vote undirected proxies in favour of the ratification of the unlisted options placement.

# AGENDA (CONTINUED)

## RESOLUTION 5: RATIFICATION OF SHARE PLACEMENT

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

***“That, for the purposes of Listing Rule 7.4 and for all other purposes, the Shareholders approve and ratify the prior allotment and issue of 40,000,000 Shares as announced to the ASX on 14 June 2016 and on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”***

Notes:

The Directors unanimously support the approval of the ratification of the share placement.

Voting Exclusion Statement:

In accordance with Listing Rule 14.11, the Company will disregard any votes cast on Resolution 5 by the participants in the share placement, or any associate of the participants in the share placement.

However, in accordance with the Listing Rules, the Company need not disregard a vote if:

- it is cast by a person as a proxy for a Shareholder who is entitled to vote, in accordance with the directions on the proxy form; or
- if it is cast by the Chairman of the Meeting as proxy for a Shareholder who is entitled to vote, in accordance with the directions on the proxy form.

The Chairman of the meeting intends to vote undirected proxies in favour of the ratification of the share placement.

## RESOLUTION 6: APPROVE ISSUE OF OPTIONS TO CHRIS THORPE

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

***“That, for the purposes of ASX Listing Rule 10.11, Part 2E and section 200E of the Corporations Act 2001, and for all other purposes, approval is given for the Directors to issue and allot 3,000,000 Options and to the subsequent issue of 3,000,000 shares to Mr Chris Thorpe, or his nominee and for approval in specified circumstances for the pro-rata vesting of the Options in the event of cessation of employment, on the terms and conditions set out in the Explanatory Memorandum.”***

Voting Exclusion Statement:

In accordance with section 224 of the Act and ASX Listing Rule 14.11, Chris Thorpe, or any associate of Chris Thorpe, is prohibited from voting on Resolution 6 and the Company will disregard any votes cast on Resolution 6 by Chris Thorpe, or any his associates.

However, the Company will not disregard a vote if:

- It is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; 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.

Chairman appointed as proxy:

If the Chairman is appointed as a proxy for a person who is permitted to vote on this Resolution 6, the Chairman will vote any proxies which do not indicate on their proxy form the way the Chairman must vote, in favour of Resolution 6.

# NOTES

## **DETERMINATION OF ENTITLEMENT TO ATTEND AND VOTE**

For the purposes of the meeting, shares will be taken to be held by the persons who are registered as Shareholders as at 7.00pm (Sydney time) on Tuesday 22 November 2016.

## **PROXIES**

If you are a shareholder entitled to attend and vote, you are entitled to appoint one or two proxies. Where two proxies are appointed, you may specify the number or proportion of votes that each may exercise, failing which each may exercise half of the votes. A proxy need not be a shareholder of the Company. If you want to appoint one proxy, you can use the form provided. If you want to appoint two proxies, please follow the instructions on the proxy form.

The Company's constitution provides that, on a show of hands, every person present and qualified to vote shall have one vote. If you appoint one proxy, that proxy may vote on a show of hands, but if you appoint two proxies neither proxy may vote on a show of hands.

If you appoint a proxy who is also a Shareholder or is also a proxy for another Shareholder, your directions may not be effective on a show of hands. Your directions will be effective if a poll is required and your proxy votes.

To record a valid vote members will need complete and lodge the Proxy Form (and the power of attorney or other authority (if any) under which it is signed, or a certified copy of it) at: the share registry of the Company, Link Market Services Limited, located at Level 12, 680 George Street, SYDNEY NSW 2000, Australia or by facsimile on +61 2 9287 0309 no later than 11.00 am (Sydney time) on Tuesday 22 November 2016.

You can also vote online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) by entering your SRN/HIN and postcode, which are shown on the first page of the enclosed Proxy Form.

If you choose to appoint a proxy, you are encouraged to direct your proxy vote how to vote by marking either "For", "Against" or "Abstain" for each item of business.

Shareholders may arrange to receive shareholder information electronically, or obtain a replacement or second proxy form, by contacting Link Market Services on 1300 554 474 within Australia or +61 1300 554 474 outside Australia or go to [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

## **HOW THE CHAIRMAN OF THE MEETING WILL VOTE UNDIRECTED PROXIES**

Please note that if the Chairman of the meeting is your proxy (or becomes your proxy by default), you expressly authorise the Chair to exercise your proxy on Resolution 1 even though it is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, which includes the Chairman. If you appoint the Chairman as your proxy, you can direct the Chairman to vote "For" or "Against" or "Abstain" from voting on Resolution 1 by marking the appropriate box on the proxy form.

The Chairman of the meeting intends to vote undirected proxies in favour of each item of business.

## **ADMISSION TO MEETING**

Shareholders who will attend the Mobile Embrace Limited Annual General Meeting and who will not appoint a proxy are asked to bring the proxy form (if they have one) to the meeting to help speed admission. Shareholders who do not plan to attend the meeting are encouraged to complete and return a proxy form for their holdings of Mobile Embrace Limited shares.

## **JOINT HOLDERS**

In the case of shares held by joint holders, one of the joint holders may vote and if more than one joint holder is present and voting at the meeting, only the vote of the joint holder whose name appears first in the register may be counted.

## **QUORUM**

The Company constitution provides that two members present in person constitutes a quorum.

## **QUESTIONS AND COMMENTS BY SHAREHOLDERS AT THE MEETING**

In accordance with the Corporations Act 2001, a reasonable opportunity will be given to Shareholders at the meeting to ask questions about, or make comments on, the management of the Company. Similarly, a reasonable opportunity will also be given to Shareholders at the meeting – as a whole – to ask MNSA, Mobile Embrace's auditor, or their representative, questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements, and the independence of the auditor in relation to the conduct of the audit.

Written questions for MNSA relevant to the conduct of the audit and the preparation and content of the auditor's report must be received no later than 5.00pm (Sydney time) on Thursday 17 November 2016 at Link Market Services (at the address or fax number for lodgement of proxy) or be sent to the Company Secretary of Mobile Embrace at Level 23, 100 William Street, Darlinghurst, NSW, 2011 or by email to [jclyne@clynecorporate.com.au](mailto:jclyne@clynecorporate.com.au). A list of written questions to the auditor will be available at the meeting.

# EXPLANATORY MEMORANDUM

## **ITEM 1: TO RECEIVE AND CONSIDER THE REPORTS FOR THE YEAR ENDED 30 JUNE 2016.**

As required by section 317 of the Corporations Act 2001 (Cth) ("Corporations Act") the Financial Report, Directors' Report, and Auditors' Report of Mobile Embrace Limited (the "Company") for the financial year ended 30 June 2016 will be laid before the meeting. There is no requirement for a formal resolution on this item, and accordingly, this item is excluded from the proxy form. Shareholders will be given a reasonable opportunity at the meeting to ask questions and make comments on these reports. Please note that an online version of the Company's 2016 Annual Report can be downloaded or viewed at: <http://www.mobileembrace.com/investors/annual-report>

## **ITEM 2: ORDINARY BUSINESS**

### **RESOLUTION 1 – ADOPT OF REMUNERATION REPORT**

As required by section 300A of the Corporations Act, the Directors' report includes a section entitled "Remuneration Report".

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting. The Corporations Act requires listed companies to put the Remuneration Report for each financial year to a resolution of members at their annual general meeting.

Under the Corporations Act, the vote is advisory only and does not bind the Directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing remuneration practices and policies. Under the Corporations Act, if 25% or more of the votes cast are voted against the adoption of the Remuneration Report at two consecutive AGM's, Shareholders will be required to vote at the second of those AGM's on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director) must go up for re-election. Mobile Embrace encourages all Shareholders to cast their vote on Item 2 (Remuneration Report).

In summary, the Remuneration Report:

- explains the Board's policies in relation to the nature and level of remuneration paid to Directors and Key Management Personnel of the Company;
- discusses the link between the Board's policies and the Company's performance; and
- sets out remuneration details for each Director and for each member of Mobile Embrace's senior executive management team.

#### ***Director's recommendation***

Noting that each Director of the Company has a personal interest in their own remuneration the subject of this Resolution, the Board does not consider it appropriate to make a recommendation to Shareholders in relation to voting on this Resolution.

### **RESOLUTION 2 – RE-ELECTION OF MR GAVIN WHYTE AS A NON-EXECUTIVE DIRECTOR**

Rule 6.4 of the Company constitution requires that one-third of the non-Executive Directors in office, must retire from office. A retiring Director is eligible for re-election.

Being eligible, Mr Gavin Whyte offers himself for re-election to the Board at the meeting. A director of the company since December 2005, Mr Whyte brings a wealth of global experience in the mobile entertainment media industry to the company. Gavin is the CEO and Founder of Rubberduck Consulting Limited a consulting firm specialising in mobile advertising, gaming, payments and entertainment. Gavin was an Advisor to adQuota International which is a leading premium mobile ad network in Scandinavia. In addition to advising the Board, he was leading the company's M&A activities in Europe. Gavin was the Co-Founder and CEO of Touch Mobile Limited. Touch was a mobile start-up specialising in skill gaming, lottery games and mobile marketing. Touch was sold in April 2011 to a fast growing mobile operator. He was previously Chief Operating Officer of NetPlay TV plc. NetPlayTV is the UK's largest interactive TV gaming company, which includes brands such as SuperCasino.com, ChallengeJackpot.com, Play Monday and Big Box Bingo. NetPlayTV is listed on the London Stock Exchange. Prior to this Gavin was Managing Director of Rubberduck Media Lab (RDML) which is a leading supplier of TV to mobile streaming solutions in the UK and Scandinavia. RDML was sold to Aspiro in Sweden in September 2006. He was previously the Operations Director of Monstermob Group plc a mobile entertainment company in the United Kingdom. Monstermob was listed on AIM in London and then later sold to Zed Worldwide.

#### ***Directors' recommendation***

The Board (other than Mr Whyte) unanimously recommends that Shareholders vote in favour of Mr Whyte's re-election.

## ITEM 3: SPECIAL BUSINESS

### RESOLUTION 3 – APPROVAL OF 10% PLACEMENT FACILITY

#### 1.1 General

Listing Rule 7.1A enables eligible entities to issue Equity Securities (as that term is defined in the ASX Listing Rules) up to 10% of its issued share capital through placements over a 12-month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1. An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a **special** resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 1.2(3) below). The Company may use the funds raised from the issue of Equity Securities under the 10% Placement Facility for such things including but not limited to non-cash consideration for the acquisition of new or existing businesses, assets and investments, payment of consultants in lieu of fees and also for other means to generally expand the Company's business.

#### 1.2 Description of Listing Rule 7.1A

##### (1) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a **special** resolution at an annual general meeting.

##### (2) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company. The Company, as at the date of the Notice, has on issue two classes of Equity Securities, Shares and unlisted options.

##### (3) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12-month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

#### **(A x D) – E**

**A** is the number of shares on issue 12 months before the date of issue or agreement:

- (A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (B) plus the number of partly paid shares that became fully paid in the 12 months;
- (C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- (D) less the number of fully paid shares cancelled in the 12 months.

*Note that A is has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.*

**D** is 10%

**E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

##### (4) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1. At the date of this Notice, the Company has on issue 442,827,882 Shares and has a capacity to issue 66,424,182 Equity Securities under Listing Rule 7.1 (assuming ratification of the unlisted option and share issues are obtained under resolutions 4 and 5); and

Subject to Shareholder Approval being obtained under resolution 3, a further 44,282,788 Equity Securities under Listing Rule 7.1A. However, the actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 1.2(3) above).

# EXPLANATORY MEMORANDUM (CONTINUED)

## (5) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

## (6) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking), or such longer period if allowed by ASX (**10% Placement Period**).

## 1.3 Listing Rule 7.1A

The effect of Resolution 3 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1. Resolution 3 is a **special** resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

## 1.4 Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (1) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days immediately before:
  - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (2) If resolution 3 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in the case of Listed Options, only if the Listed Options are exercised). There is a risk that:
  - (i) the market price for the Company's Equity Securities may be significantly lower on the issue date rather than on the date of the approval at the AGM; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset, which may have an effect on the amount of funds raised by the issue of the Equity Securities. The below table shows the dilution of existing Shareholders on the basis of the closing price of the Company's Shares of \$0.29 each on 6 October, 2016 and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

		Dilution		
		\$0.145	\$0.29	\$0.58
		50% decrease in issue price	Issue price	100% increase in issue price
<b>Variable "A" in Listing Rule 7.1A.2</b>				
<b>442,827,882</b>	10% voting dilution	44,282,788	44,282,788	44,282,788
<b>Current Variable A</b>	Funds raised	\$6,421,004	\$12,842,008	\$25,684,017
<b>664,241,823</b>	10% voting Dilution	66,424,182	66,424,182	66,424,182
<b>50% increase in current Variable A</b>	Fund raised	\$9,631,506	\$19,263,012	\$38,526,025
<b>885,655,764</b>	10% voting Dilution	88,565,576	88,565,576	88,565,576
<b>100% increase in current Variable A</b>	Funds raised	\$12,842,008	\$25,684,017	\$51,368,034

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
  - (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.
- (3) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 3 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- (4) The Company may seek to issue the Equity Securities for the following purposes including but not limited to:
- (i) non-cash consideration for the growth of its existing business, acquisition of new or existing businesses including costs associated with such acquisitions, assets and investments, payment of consultants in lieu of fees and also for other means to generally expand the Company's business. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
  - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised the growth of its existing business, acquisition of new or existing businesses including costs associated with such acquisitions, assets and investments, payment of consultants in lieu of fees and also for other means to generally expand the Company's business and general working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities. The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new businesses, assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of these assets or investments.

- (5) The Company obtained Shareholder approval under Listing Rule 7.1A at its 2012, 2013, 2014 and 2015 AGM's and provides the following information pursuant to Listing Rule 7.3A.6 (a):

The total number of equity securities issued in the 12 months preceding the date of meeting is 58,888,119 equity securities representing approximately 13.9% of the total fully diluted equity securities on issue as at 24 November 2015.

The following information is provided pursuant to Listing Rule 7.3A.6 (b):

Date of Issue:	4 December 2015
Number Issued:	14,500,000
Class:	Unlisted Options
Recipient:	11,500,000 to various employees of the Company under the Company's Performance Rights Option Plan and 3,000,000 to various consultants, none of whom are Related Parties of the Company.

# EXPLANATORY MEMORANDUM (CONTINUED)

Price/Discount: Nil issue price. The terms attaching to the options and the exercise prices of each are set out in the following schedule:

<b>Expiry Date</b> <i>(Note: Expiry date is from issue date not vesting date)</i>	<b>Exercise Price</b>	<b>Vesting Date, Criteria &amp; Number of Options</b>	<b>Vesting Date, Criteria &amp; Number of Options</b>	<b>Vesting Date, Criteria &amp; Number of Options</b>	<b>Total Maximum Number of Options</b>
5 years	\$0.2789	1 December 2018 2,200,000	1 December 2019 2,200,000	1 December 2020 2,100,000	6,500,000
3 years	\$0.3900	26 November 2016 300,000	26 November 2017 300,000	26 November 2018 400,000	1,000,000
3 years	\$0.3200	15 July 2016 EBTDA criteria 1 only – 545,455 options vest	15 July 2017 EBTDA criteria 1 only - 666,667 options vest	15 July 2018 EBTDA criteria 1 only – 787,878 options vest	4,000,000
		EBITDA criteria 2 – 1,076,067 options vest (which includes the 545,455 options from criteria 1)	EBITDA criteria 2 – 1,319,728 options vest (which includes the 666,667 options from criteria 1)	EBITDA criteria 2 – 1,604,205 options vest (which includes the 787,878 from criteria 1)	
3 years	\$0.2789	Target Share Price of \$0.39 250,000 options	Target share price of \$0.55 250,000 options	Target share price of \$0.75 500,000 options	1,000,000
3 years	\$0.3900	26 November 2016 600,000 options	26 November 2017 600,000 options	26 November 2018 800,000	2,000,000

Consideration and use of funds: No funds were received from the issue of the Options however in the event that the options are exercised, the Company intends to use the funds for the expansion of existing and new offerings in current markets, entry into new territories with new and existing partners through organic growth, strategic acquisitions and for general working capital purposes.

Date of Issue: 11 December 2015  
 Number Issued: 100,000  
 Class: Fully Paid Ordinary Shares  
 Recipient: Joseph Maynard, MBE Employee.  
 Price/Discount: \$0.1585 each issued upon the exercise of options being a discount of \$0.2215 to the closing share price the previous trading day.

Consideration and use of funds: The cash received of \$15,850 was used for general working capital purposes.

Date of Issue: 6 April 2016  
 Number Issued: 87,500  
 Class: Fully Paid Ordinary Shares  
 Recipient: Sophie Stefanetti, MBE Employee.  
 Price/Discount: \$0.1585 each issued upon the exercise of options being a discount of \$0.2065 to the closing share price the previous trading day.

Consideration and use of funds: The cash received of \$13,868.75 was used for general working capital purposes.

Date of Issue: 14 June 2016

Number Issued: 40,000,000

Class: Shares

Recipient: Various persons and entities introduced by Taylor Collison and PAC Partners, none of whom are Related Parties of the Company.

Price/Discount: \$0.30 per share which represents a 0% discount to the closing share price the previous trading day.

Consideration and use of funds:

- For accelerating the growth opportunities MBE has created with
- international telco groups for DCB;
- leveraging the scalability of its operations and proprietary technology and market leading position;
- acquisition related earn out payments;
- additional customer acquisitions;
- working capital; and
- costs associated with the offer.

Date of Issue: 7 July 2016

Number Issued: 4,200,619

Class: Shares

Recipient: Existing Shareholders of the Company pursuant to a Share Purchase Plan.

Price/Discount: \$0.30 per share which represents a \$0.005 discount to the closing share price the previous trading day.

Consideration and use of funds:

- For accelerating the growth opportunities MBE has created with
- international telco groups for DCB;
- leveraging the scalability of its operations and proprietary technology and market leading position;
- acquisition related earn out payments;
- additional customer acquisitions;
- working capital; and
- costs associated with the offer.

- (6) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

#### **Directors' recommendation**

The Board unanimously recommends that Shareholders vote in favour of the 10% Placement Facility

### **RESOLUTION 4 – RATIFICATION OF UNLISTED OPTIONS PLACEMENT**

#### **Background**

On 4 December 2015, the Company issued a total of 3,000,000 Unlisted Options in the Company to various consultants, none of whom are Related Parties of the Company, who have assisted the Company in securing and developing upon its recent transactions.

The prior approval of Shareholders was not required in respect of the issue of the Unlisted Options as it did not exceed the 15% Restriction imposed upon listed companies by Listing Rule 7.1.

Listing Rule 7.4 provides that if the issue of the Unlisted Options is ratified by Shareholders, the Company will again have the flexibility to issue further securities without Shareholder approval within the 15% Restriction over the next 12-month period.

The Board believes that it is in the best interests of the Company to maintain the ability to issue up to its full placement capacity so that the Company retains financial flexibility and can take advantage of opportunities that may arise.

Information for Shareholders in accordance with Listing Rule 7.4.

The following information is provided in relation to Resolution 4 in accordance with Listing Rule 7.5:

- Number of securities allotted: 3,000,000 Unlisted Options.
- Issue price: Nil consideration but with the following vesting and exercise conditions.

3 years	\$0.2789	Target Share Price of \$0.39 250,000 options	Target share price of \$0.55 250,000 options	Target share price of \$0.75 500,000 options	1,000,000
3 years	\$0.3900	26 November 2016 600,000 options	26 November 2017 600,000 options	26 November 2018 800,000	2,000,000

- Term of the securities: The Unlisted Options were issued on the terms outlined above.
- Allottees: The Unlisted Options were issued to various consultants of the Company, none of whom are a Related Party.
- Use of funds: No funds were received from the issue of the Unlisted Options however in the event that the Unlisted Options are exercised, the Company intends to use the funds for the expansion of existing and new offerings in current markets, entry into new territories with new and existing partners through organic growth, strategic acquisitions and for general working capital purposes.

#### **Directors' Recommendation**

The Board unanimously recommends that the Shareholders vote in favour of the ratification of the issue of the Unlisted Options.

### **RESOLUTION 5 – RATIFICATION OF SHARE PLACEMENT**

#### **Background**

On 14 June 2016, the Company issued a total of 40,000,000 Shares by way of a placement to various parties (refer ASX announcement of 6 June 2016). The recipients of the Shares are not related parties of the Company.

The prior approval of Shareholders was not required in respect of the Placement as it did not exceed the 15% Restriction imposed upon listed companies by Listing Rule 7.1.

Listing Rule 7.4 provides that if the Placement is ratified by Shareholders, the Company will again have the flexibility to issue further securities without Shareholder approval within the 15% Restriction over the next 12-month period.

The Board believes that it is in the best interests of the Company to maintain the ability to issue up to its full placement capacity so that the Company retains financial flexibility and can take advantage of opportunities that may arise.

Information for Shareholders in accordance with Listing Rule 7.4.

The following information is provided in relation to Resolution 5 in accordance with Listing Rule 7.5:

- Number of securities allotted: 40,000,000 Shares.
- Issue price: \$0.30 per Share.
- Term of the securities: On the same conditions as Shares already on issue in the Company.
- Allottees: To various parties introduced by Taylor Collison and PAC Partners, none of whom is a Related Party of the Company.
- Use of funds:
  - For accelerating the growth opportunities MBE has created with international telco groups for DCB;
  - leveraging the scalability of its operations and proprietary technology and market leading position;
  - acquisition related earn out payments;
  - additional customer acquisitions;
  - working capital; and
  - costs associated with the offer.

#### **Directors' Recommendation**

The Board unanimously recommends that the Shareholders vote in favour of the ratification of the share placement.

## RESOLUTION 6 – APPROVE ISSUE OF OPTIONS TO CHRIS THORPE

Resolution 6 seeks approval from shareholders for the issue of 3,000,000 unlisted Options for fully paid ordinary shares to the Company's CEO, Chris Thorpe, and the subsequent issue of shares when exercised.

The purpose of the Option grant is to both remunerate and incentivise Mr Thorpe. The remuneration aspect comes through having an appropriately struck Option price so as to offer an incentive for the Company's future growth through providing a time line in which Mr Thorpe must remain involved with the Company (with a pro rata vesting up to the cessation of employment with the Company) and to provide a base from which to build growth.

Approval of shareholders is sought for the purposes of Chapter 2E and section 200E of the Corporations Act 2001 and Listing Rule 10.11 for the Company to grant the Options to Mr Thorpe. Once the options are exercised for Shares, the Shares will rank equally with Shares currently on issue.

Chapter 2E of the Corporations Act 2001 regulates the provision by a public company of a "financial benefit" to a "related party". Section 208 of the Corporations Act 2001 prohibits:

- (1) a public company giving a financial benefit to a related party; or
- (2) a company which is controlled by the public company giving a financial benefit to a related party,

unless one of a number of exceptions applies, or shareholder approval is obtained.

A "financial benefit" is defined in the Corporations Act 2001 in broad terms and includes a company issuing shares and granting Options. A "related party" includes a Director, an entity over which a Director has control and an entity which believes, or has reasonable grounds to believe, that it is likely to become a related party in the future. For the purposes of Chapter 2E of the Corporations Act 2001, Mr Thorpe is a related party of the Company.

ASX Listing Rule 10.11 provides that the Company must not issue equity securities to a related party unless one of a number of exceptions applies, or shareholder approval is obtained. As the approval is sought pursuant to Listing Rule 10.11, separate approval is not required pursuant to Listing 7.1.

Approval is sought for the granting of the following options to Mr Thorpe:

Vesting Date:	<b>Tranche 1:</b> 1,000,000 Options vesting 1 December 2019 <b>Tranche 2:</b> 1,000,000 Options vesting 1 December 2020 <b>Tranche 3:</b> 1,000,000 Options vesting 1 December 2021
Exercise Price:	The Exercise Price will be based on the 5 day VWAP of MBE shares based on the closing price on 14 October 2016 plus a premium of <b>43%</b> .
Expiry Date:	<b>31 December 2021</b>
Vesting Conditions:	In order for any of the Options to vest and become available for exercise they are dependent on Mr Thorpe meeting the <b>Service Vesting Condition</b>
<b>Service Vesting Condition:</b>	Continuous appointment as a Director of Mobile Embrace from Grant Date to the Vesting Date (subject to pro rata vesting to the date of cessation of employment however all Options vest immediately).

In relation to the proposed grant of options to Mr Thorpe as outlined above, the options will be issued by no later than one (1) month from the date of the meeting. The options will also be issued for nil consideration however upon exercise of the options, the funds raised will be utilised for general working capital purposes.

If you have any queries, please contact the Company Secretary on + 61 2 9360 3385.

By order of the Board.

**Justin Clyne**  
Company Secretary  
7 October 2016

# GLOSSARY

In this Explanatory Memorandum and Notice of Annual General Meeting the following expressions have the following meanings unless stated otherwise or unless the context otherwise requires:

**10% Placement Facility** has the meaning given in section 1.1 of Resolution 3;

**10% Placement Period** has the meaning given in section 1.2 (6) of Resolution 3;

**ASIC** means the Australian Securities and Investments Commission;

**ASX** means ASX Limited ACN 008 624 691;

**Board** means the Board of directors of the Company;

**Closely Related Party** of a member of the Key Management Personnel for an entity means:

a spouse or child of the member;

a child of the member's spouse;

a dependant of the member or of the member's spouse;

anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity;

a company the member controls; or

a person prescribed as such by the *Corporations Regulations 2001* (Cth);

**Company** means Mobile Embrace Limited ABN 24 089 805 416;

**Constitution** means the existing constitution of the Company;

**Corporations Act** means Corporations Act 2001 (Cth);

**Director** means a director of the Company;

**Equity Securities** has the same meaning as in the Listing Rules;

**Key Management Personnel** has the same meaning as in the accounting standards as defined in section 9 of the Corporations Act (so the term broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director, whether executive or otherwise, of the Company);

**Listing Rules** means the listing rules of ASX;

**Meeting** means the meeting of shareholders convened by the Notice;

**Notice** means the notice of meeting to which this Explanatory Memorandum is attached;

**Option** or **Unlisted Option** mean an Option to acquire a Fully Paid Ordinary Share in the Company;

**Share** means a Fully Paid Ordinary Share in the capital of the Company;

**Trading Day** means a day determined by ASX to be a trading day in accordance with the Listing Rules; and

**VWAP** means volume weighted average price.



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