

CONNECTED IO LIMITED
ACN 009 076 233

**Notice of Annual General Meeting
And
Explanatory Statement**

**Annual General Meeting of Shareholders to be held at
the offices of Trident Capital,
Level 24, 44 St Georges Terrace, Perth WA
at 10.30am (WST) on Wednesday 28 November 2018.**

Important

This Notice should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their professional adviser prior to voting.

For personal use only

Notice of Annual General Meeting

Notice is given that an Annual General Meeting of Shareholders of Connected IO Limited ACN 009 076 233 (**Company**) will be held at the offices of Trident Capital, Level 24, 44 St Georges Terrace, Perth WA 6000 commencing at 10.30am (WST) on Wednesday 28 November 2018.

Business

Item 1 – Annual Report

To receive and consider the Annual Report of the Company for the year ended 30 June 2018, which includes the Financial Report, the Directors' Report, the Remuneration Report and the Auditor's Report.

Resolution 1 – Adoption of Remuneration Report

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

“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the year ended 30 June 2018 be adopted.”

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting exclusion statement

The Company will disregard any votes cast on this Resolution:

- (a) by or on behalf of a member of Key Management Personnel as disclosed in the Remuneration Report;
 - (b) by or on behalf of a Closely Related Party of a member of Key Management Personnel; and
 - (c) as a proxy by a member of Key Management Personnel or a Closely Related Party,
- unless the vote is cast as proxy for a person entitled to vote in accordance with a direction on the Proxy Form or by the Chairman pursuant to an express authorisation to exercise the proxy.

Resolution 2 – Re-election of Mr Jason Ferris as a Director

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

“That Mr Jason Ferris, who retires by rotation in accordance with clause 6.3 of the Constitution and who is eligible and offers himself for re-election, be re-elected as a Director.”

Resolution 3 – Ratification of issue of Placement Shares

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

“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the prior issue by the Company of 133,187,333 Shares each at an issue price of \$0.003 on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who participated in the issue the subject of this Resolution; or an associate of that person (or those persons).

However, the Company need not disregard any vote if:

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

Resolution 4 – Issue of Convertible Notes to Exempt Investors

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

“That, for the purpose of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue to Exempt Investors:

- (a) Convertible Notes; and*
- (b) Shares in the event that the Convertible Notes are converted into Shares,*

on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement

The Company will disregard any votes cast in favour of the Resolution by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a Shareholder); or any associate of that person (or those persons).

However, the Company need not disregard any vote if:

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

Resolution 5 – Approval of issue of Shares to Directors

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

“That, for the purposes of Listing Rule 10.11, and for all other purposes, approval is given for the Company to issue:

- (a) up to 33,333,333 Shares to Yakov Temov (and/or his nominees); and*
- (b) up to 13,333,333 Shares to Jason Ferris (and/or his nominees),*

at an issue price of \$0.003 each in lieu of Director fees owed by the Company, on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement

The Company will disregard any votes cast in favour of Resolution 5(a) by or on behalf of Yakov Temov; and Resolution 5(b) by or on behalf of Jason Ferris; or any associate of those persons.

However, the Company need not disregard a vote if:

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

Resolution 6 – Approval of issue of Advisory Options to Trident Capital Pty Ltd

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

“That, for the purposes of Listing Rule 7.1, and for all other purposes, approval is given for the Company to issue 50,000,000 Advisory Options to Trident Capital (and/or its nominees), on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement

The Company will disregard any votes cast in favour of the Resolution by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a Shareholder); or any associate of that person (or those persons).

However, the Company need not disregard any vote if:

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

Resolution 7 – Approval of issue of Advisory Options and Underwriting Options to 708 Capital Pty Ltd

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

“That, for the purposes of Listing Rule 7.1, and for all other purposes, approval is given for the Company to issue 708 Capital Pty Ltd (and/or its nominees):

- (a) 25,000,000 Advisory Options; and
- (b) 50,000,000 Underwriting Options,

on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement

The Company will disregard any votes cast in favour of the Resolution by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a Shareholder); or any associate of that person (or those persons).

However, the Company need not disregard any vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair 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.

Resolution 8 – Approval of 10% Placement Facility

To consider and, if thought fit, pass the following resolution as a **special resolution**:

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

Voting exclusion statement

The Company will disregard any votes cast in favour of the Resolution by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a Shareholder); or any associate of that person (or those persons).

However, the Company need not disregard any vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair 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.

By Order of the Board



Jason Ferris
Chairman
Connected IO Limited
18 October 2018

EXPLANATORY STATEMENT

Important Information

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Annual General Meeting to be held at the offices of Trident Capital, Level 24, 44 St Georges Terrace, Perth WA 6000, commencing at 10.30am (WST) on Wednesday 28 November 2018.

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

This Explanatory Statement should be read in conjunction with the Notice of Meeting. Capitalised terms in this Explanatory Statement are defined in the Glossary. If Shareholders are in doubt as to how to vote, they should seek advice from their professional adviser prior to voting.

1 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 Company or its share registry in advance of the General Meeting or handed in at the General Meeting when registering as a corporate representative.

Members of Key Management Personnel and their Closely Related Parties will not be able to vote as proxy on Resolutions 1, 5(a) and 5(b) unless the Shareholder directs them how to vote or, in the case of the Chair, unless the Shareholder expressly authorises him to do so. If a Shareholder intends to appoint a member of Key Management Personnel or their Closely Related Parties (other than the Chair) as its proxy, the Shareholder should ensure that it directs the proxy how to vote on Resolution 1.

If a Shareholder intends to appoint the Chair as its proxy on Resolutions 1, 5(a) and 5(b), the Shareholder can direct the Chair how to vote by marking one of the boxes for Resolutions 1, 5(a) and 5(b) (for example, if the Shareholder wishes to vote 'for', 'against' or to 'abstain' from voting).

2 Voting entitlements

In accordance with Regulations 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth), the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the register of Shareholders as at 7.00pm (AEST) on

26 November 2018. Accordingly, transactions registered after that time will be disregarded in determining Shareholders' entitlements to attend and vote at the Annual General Meeting.

3 Item 1 – Annual Report

The Annual Report, comprising the Financial Report, the Directors' Report, the Remuneration Report and the Auditor's Report for the year ended 30 June 2018, will be laid before the Annual General Meeting.

There is no requirement for Shareholders to approve these Reports. However, the Chairman will allow a reasonable opportunity for Shareholders to ask questions or make comments about these Reports and the management of the Company. Shareholders will also be given an opportunity to ask the auditor questions about the:

- (a) conduct of the audits;
- (b) preparation and content of the Auditor's Report;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) independence of the auditor in relation to the conduct of the audits.

In addition to taking questions at the Annual General Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about the content of the Auditor's Report or the conduct of the audit, may be submitted no later than 5 business days before the date of the Annual General Meeting to the Company Secretary at c/- Trident Capital, Level 24, 44 St Georges Terrace, Perth, WA 6000, or by facsimile to +61 8 9218 8875.

The Company's Annual Report is available on the Company's website at www.connectedio.com.au.

4 Resolution 1 – Adoption of Remuneration Report

The Remuneration Report of the Company for the financial year ended 30 June 2018 is included in the Directors' Report in the Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company.

Section 249L(2) of the Corporations Act requires a company to inform Shareholders that a resolution on the Remuneration Report will be put at the Annual General Meeting. Section 250R(2) of the Corporations Act requires a resolution that the Remuneration Report adopted be put to the vote. Resolution 1 seeks this approval.

In accordance with section 250R(3) of the Corporations Act, Shareholders should note that Resolution 1 is "advisory only" resolutions which does not bind the Directors. Under section 250SA of the Corporations Act, the Chairman will provide a reasonable opportunity for discussion of the Remuneration Report at the Annual General Meeting

If at least 25% of the votes on Resolution 1 are voted against the adoption of the Remuneration Report at the Annual General Meeting, and then again at the Company's 2019 annual general meeting, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting (**Spill Meeting**) to consider the appointment of the Directors (**Spill Resolution**).

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the Spill Meeting within 90 days of the Company's 2019 annual general meeting. All of the Directors who are in office when the Company's 2019 Directors' Report is approved, other than the Managing Director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the directors of the Company.

At the Company's previous Annual General Meeting, the votes cast against the remuneration report considered at that Annual General Meeting were not more than 25%. Accordingly, the Spill Resolution will not be relevant for this Annual General Meeting.

5 Resolution 2 – Re-election of Jason Ferris as a Director

In accordance with clause 6.3 of the Constitution, at every annual general meeting, one third of the Directors for the time being must retire from office by rotation and are eligible for re-election. The Directors to retire are those who have been in office for 3 years since their appointment or last re-appointment or who have been longest in office since their appointment or last re-appointment or, if the Directors have been in office for an equal length of time, by agreement.

Mr Jason Ferris retires by rotation at this Annual General Meeting and, being eligible, offers himself for re-election.

Mr Ferris is an experienced financial services professional having worked in financial services, property and corporate finance industries for more than 25 years. Mr Ferris is an experienced company director having served on the board of public and private companies in Australia, South Africa and United Kingdom. He is a Fellow of the Australian Institute of Management (FAIM) and is a Member of the Australian Institute of Company Directors (MAICD). He has also facilitated many joint venture opportunities in both property, tech and mining sectors.

The Directors (excluding Mr Ferris) unanimously recommend that Shareholders vote in favour of Resolution 2. Resolution 2 is an ordinary resolution.

6 General Background – Resolutions 3 to 7

On 22 August 2018, the Company announced that it had recently undertaken a strategic review of its operations and business structures and, based on the outcomes of that review, it had resolved to make a number of strategic changes to reposition the Company for future growth.

The details of these initiatives are set out as follows.

6.1 Capital Raising

The Company announced it was to complete a capital raising totaling approximately \$2.53 million (**Capital Raising**) to provide capital to, among other things, secure future revenue growth and manufacturing capacity required to meet larger purchase orders.

The Capital Raising comprised the Placement (described below in section 3.2) and a non-renounceable rights issue (**Rights Issue**) to raise up to \$2.13 million. The issue price of Shares under both the Placement and Rights Issue is \$0.003 each.

Further, the Company entered into an underwriting agreement with 708 Capital to underwrite the shortfall (if any) under the Rights Issue. Pursuant to the terms of the underwriting agreement, and subject to Shareholder approval under Resolution 7, 708 Capital will receive Advisory Options and Underwriting Options in consideration of corporate advisory and underwriting services provided to the Company. Trident Capital has also provided corporate advisory services to the Company under the Placement and will receive Advisory Options, subject to Shareholder approval under Resolution 6.

A prospectus containing the offers under the Placement and the Rights Issue was sent to Shareholders on 4 September 2018 and can be accessed on the Company's website or through the ASX market announcement platform.

6.2 Placement

On 4 September 2018, the Company successfully raised \$399,562 for the offer of 133,187,333 Shares at an issue price of \$0.003 each (before costs) as part of a placement to Exempt Investors who qualify under section 708 of the Corporations Act. The Company issued the Shares using its placement capacity under Listing Rule 7.1.

Accordingly, the Company is seeking Shareholder approval under Resolution 3 to ratify the prior issue of 133,187,333 Shares under the Placement to the Placement Applicants in accordance with Listing Rule 7.4.

6.3 Loan Facility Restructure

As announced on 22 August 2018, the Company has renegotiated its existing \$1.37m loan facility (**Loan Facility**) with Gorilla Pit Pty Ltd (**Gorilla Pit**), which is a private entity controlled by Lawrence Buono, a director of 708 Capital.

The Loan Facility has been extended to 30 June 2019 and will accrue interest at a rate of 9% per annum. Subject to Shareholder approval under Resolution 4, the Company and Gorilla Pit have agreed to convert the Loan Facility into convertible notes (**Convertible Notes**) under a convertible note agreement (**Convertible Note Agreement**) between the Company and Exempt Investors introduced by 708 Capital.

The Loan Facility will be fully discharged upon the issue of Convertible Notes under the Convertible Note Agreement, however, if Shareholder approval is not obtained, the terms and conditions of the Loan Facility will continue in full force and effect and no Convertible Notes will be issued.

The material terms of the Convertible Notes proposed to be issued under the Convertible Note Agreement are set out in Schedule 1.

6.4 Debt Conversion

Due to the Company's existing cash position, and subject to Shareholder approval under Resolutions 5(a) and 5(b), the Company's Managing Director, Yakov Temov, and Executive Chairman, Jason Ferris, have agreed to receive payment of outstanding Director fees totaling \$140,000 in Shares at an issue price of \$0.003 each (being the issue price of Shares under the Placement and Rights Issue).

The total number of Shares to be issued to Messrs Temov and Ferris are set out in section 9.

7 Resolution 3 – Ratification of issue of Placement Shares

7.1 Background

The Company recently raised \$399,562 for the offer of 133,187,333 Shares at an issue price of \$0.003 each (before costs) under the Placement. The Company issued the Shares under the Placement on 4 September 2018 using its placement capacity under Listing Rule 7.1.

The Company is seeking Shareholder approval to ratify the prior issue of 133,187,333 Shares under the Placement to the Placement Applicants in accordance with Listing Rule 7.4.

7.2 Listing Rule 7.4

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of shareholders is required for an issue of securities by a company if those securities, when aggregated with the securities issued by the company during the previous 12 months (without approval and which were not subject to an exception), exceed 15% of the number of shares on issue at the commencement of that 12 month period.

Listing Rule 7.4 provides that where a company ratifies a prior issue of securities, the issue will be treated as having been made with approval for the purpose of Listing Rule 7.1, thereby replenishing the company's 15% capacity and enabling it to issue further securities up to that limit.

Resolution 3 proposes the ratification of the issue of 133,187,333 Shares under the Placement for the purpose of satisfying the requirements of Listing Rule 7.4. If Resolution 3 is approved, the Shares will not be included in the Company's 15% calculation for the purposes of Listing Rule 7.1.

As required by Listing Rule 7.5, the following information is provided in relation to Resolution 3.

(a) **Number of securities issued**

133,187,333 Shares.

(b) **Price at which the securities were issued**

\$0.003 per Share.

(c) **Terms of the securities**

The Shares issued under the Placement rank equally in all respects with existing Shares on issue.

(d) **Name of the persons to whom the entity will issue the securities or the basis on which those persons were determined**

The Shares were issued to the Placement Applicants, being clients of, or investors introduced by, 708 Capital and Trident Capital.

No Placement Applicant is a related party of the Company.

(e) **Intended use of the funds raised**

The Company intends to use the funds raised under the Placement for:

- (i) the expenses of the Placement;
- (ii) costs associated with the Company's products, including, but not limited to, the following expenses:
 - (A) sales and marketing;
 - (B) research and development; and
 - (C) manufacturing expenses; and
- (iii) working capital, which may include wages, payments to contractors, rents and outgoings, insurance, accounting, audit, legal and listing fees, other items of a general administrative nature and cash reserves which may be used in connection with any project, investment or acquisition, as determined by the Board at the relevant time.

7.3 Directors' recommendations

The Directors unanimously recommend that Shareholders vote in favour of Resolution 3.

8 Resolution 4 – Issue of Convertible Notes to Exempt Investors

8.1 Background

Shareholder approval is sought for the issue of Convertible Notes to Exempt Investors and the subsequent issue of Shares upon conversion of the Convertible Notes. The Convertible Notes are to be issued to clients of, or investors introduced by, 708 Capital. None of the Exempt Investors will be related parties of the Company.

The Convertible Notes to be issued under Resolution 4 are on the terms set out in Schedule 1.

8.2 Listing Rules

Listing Rule 7.1 provides that (subject to certain exceptions, none of which are relevant here) prior approval of shareholders is required for an issue of equity securities by a company if the securities will, when aggregated with the securities issued by the company during the previous 12 months,

exceed 15% of the number of the ordinary securities on issue at the commencement of that 12 month period. Convertible Notes are considered equity securities for the purposes of the Listing Rules.

Listing Rule 7.3 requires that the following information be provided to the Shareholders in relation to obtaining approval of Resolution 4 for the purposes of Listing Rule 7.1:

(a) **Maximum number of securities the entity is to issue**

Pursuant to the terms of the Convertible Note Agreement, the Loan Facility (as amended) will be fully discharged upon the issue Convertible Notes under the Convertible Note Agreement.

Upon conversion of the Convertible Notes, the maximum numbers of Shares to be issued by the Company under Resolution 4 is 476,373,582 Shares, being 456,666,666 Shares for the loan amount totaling \$1.37 million and 19,706,916 Shares for the accrued interest to 30 June 2018 of \$59,120.75.

If all the Convertible Notes are converted together with all accrued interest to 30 June 2018, the shareholding of existing Shareholders would, based on the current issued capital of the Company, be diluted by approximately 20.87%.

(b) **Date by which the entity will issue the securities**

The Convertible Notes are proposed to be issued shortly after the date of the Meeting and will be issued no later than three (3) months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).

Subject to all applicable laws, Shares issued upon the conversion of Convertible Notes will be issued by no later than 10 business days from the Maturity Date, being 30 June 2019.

(c) **Issue price of the securities**

Shares issued upon the conversion of Convertible Notes will be issued at \$0.003 per Share.

(d) **Names of the persons to whom the entity will issue the securities (if known) or basis upon which those persons will be identified or selected**

The Convertible Notes will be issued to Exempt Investors that are clients of, or investors introduced by, 708 Capital.

None of the Exempt Investors will be related parties of the Company.

(e) **Terms of the securities**

The material terms of the Convertible Notes are set out in Schedule 1.

Shares issued upon the conversion of Convertible Notes will rank equally in all respects with existing Shares on issue.

(f) **Intended use of the funds raised**

As the Convertible Notes are being issued in full satisfaction and discharge of the Loan Facility, there will be no funds raised through the issue of Convertible Notes and the subsequent issue of Shares under Resolution 4.

9 Resolution 5 – Approval of issue of Shares to Directors

Resolutions 5(a) and (b) are ordinary resolutions which seek Shareholder approval to enable the Company issue to Yakov Temov and Jason Ferris (and/or their nominees) up to 46,666,666 Shares at an issue price of \$0.003 in lieu of Director fees owed by the Company.

Section 208 of the Corporations Act

Yakov Temov and Jason Ferris are related parties of the Company for the purposes of section 228 of the Corporations Act as they are Directors.

As the Shares are being issued in lieu of Director fees to be paid in cash, and are to be issued at the same issue as those Shares issued under the Placement and Rights Issue, the Company considers that Shareholder approval under section 208 of the Corporations Act is not required for the issue of Shares to those related parties due to the “arm’s length” and reasonable remuneration exceptions set out in section 210.

Accordingly, the Company is not seeking approval for the issue of Shares pursuant to section 208 of the Corporations Act.

Listing Rule 10.11

Listing Rule 10.11 provides that a company must not issue equity securities to a related party without the approval of holders of ordinary securities. Further, exception 14 of Listing Rule 7.2 states that approval pursuant to Listing Rule 7.1 is not required if shareholder approval is obtained under Listing Rule 10.11.

As set out above, Yakov Temov and Jason Ferris are related parties of the Company for the purposes of section 228 of the Corporations Act. Accordingly, Shareholder approval is sought under Listing Rule 10.11 to permit the issue of Shares to those Directors in lieu of Director fees payable by the Company.

Resolutions 5(a) and (b) seek approval for the issue of up to 46,666,666 Shares to Yakov Temov and Jason Ferris for the purpose of satisfying the requirements of Listing Rule 10.11. If Resolutions 5(a) and (b) are approved, the Shares issued will not affect the capacity of the Company to issue securities in the next 12 months under Listing Rule 7.1 as those securities, once issued, will be excluded from the calculations under Listing Rule 7.1.

For the purposes of Listing Rule 10.13, the following information is provided to Shareholders in relation to Resolutions 5(a) and (b):

(a) **Name of the person**

Yakov Temov and Jason Ferris (and/or their nominees).

(b) **Maximum number of securities to be issued**

The maximum number of securities that may be issued pursuant to Resolutions 5(a) and (b) is as follows:

Recipient	Shares	Outstanding Director Fees
Yakov Temov	33,333,333	\$100,000
Jason Ferris	13,333,333	\$40,000
Total	46,666,666	\$140,000

(c) **Date by which the entity will issue the securities**

The Shares to be issued to the Directors in lieu of Director fees will be issued shortly after the Meeting. In any event, however, no Shares will be issued to the Directors (and/or their nominees) later than 1 month after the Meeting or such longer period as permitted by ASX.

(d) **Issue price of the securities**

\$0.003 per Share.

(e) **Terms of the issue**

The Shares will rank equally in all respects with existing Shares on issue.

(f) **Intended use of the funds raised**

As the Shares are being issued to Messrs Temov and Ferris in lieu of outstanding Director fees payable by the Company, there will be no funds raised through the issue of Shares under Resolution 5.

10 Resolution 6 – Approval of issue of Advisory Options to Trident Capital Pty Ltd

Resolution 6 is an ordinary resolution and seeks Shareholder approval under Listing Rule 7.1, for the issue of 50,000,000 Advisory Options to Trident Capital for corporate advisory services provided in relation to the Capital Raising.

Listing Rule 7.1

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of shareholders is required for an issue of securities by a company if those securities, when aggregated with the securities issued by the company without approval and which were not subject to an exception during the previous 12 months, exceed 15% of the number of shares on issue at the commencement of that 12 month period.

Listing Rule 7.1 provides that where a company approves an issue of securities, the company's 15% capacity will be replenished and the company will be able to issue further securities up to that limit.

Resolution 6 seeks approval for the issue of 50,000,000 Advisory Options for the purpose of satisfying the requirements of Listing Rule 7.1. If Resolution 6 is approved, the Advisory Options issued will not affect the capacity of the Company to issue securities in the next 12 months under Listing Rule 7.1 as those securities, once issued, will be excluded from the calculations under Listing Rule 7.1.

For the purposes of Listing Rule 7.3, the following information is provided to Shareholders in relation to Resolution 6:

(a) **Maximum number of securities the entity is to issue**

50,000,000 Advisory Options.

(b) **Date by which the entity will issue the securities**

The Advisory Options will be issued to Trident Capital shortly after the Meeting. In any event, however, no Advisory Options will be issued to Trident Capital later than 3 months after the Meeting, any such longer period permitted by ASX.

(c) **Issue price of the securities**

The issue price for the Advisory Options is nil. No cash consideration is payable for the Advisory Options as they are being issued in consideration of corporate advisory services provided to the Company by Trident Capital in relation to the Capital Raising.

(d) **Names of the persons to whom the entity will issue the securities (if known) or basis upon which those persons will be identified or selected**

Trident Capital (and/or its nominees).

(e) **Terms of the securities**

The Advisory Options will be exercisable at \$0.01 and expire four years from the date of issue, and will otherwise be on the terms set out in Schedule 2.

(f) **Intended use of the funds raised**

No funds will be raised by the issue of Advisory Options under Resolution 6 as they are being issued as consideration for corporate advisory services provided by Trident Capital to the Company in relation to the Capital Raising.

The proceeds from any future exercise of the Advisory Options are intended to be applied towards meeting working capital requirements of the Company relevant at, or about, the time of the exercise of the Advisory Options at the discretion of the Board.

11 Resolution 7 - Approval of issue of Advisory Options and Underwriting Options to 708 Capital Pty Ltd

Resolutions 7(a) and 7(b) are ordinary resolutions and seek Shareholder approval under Listing Rule 7.1, for the issue of 25,000,000 Advisory Options and 50,000,000 Underwriting Options to 708 Capital for corporate advisory and underwriting services provided in relation to the Capital Raising.

Listing Rule 7.1

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of shareholders is required for an issue of securities by a company if those securities, when aggregated with the securities issued by the company without approval and which were not subject to an exception during the previous 12 months, exceed 15% of the number of shares on issue at the commencement of that 12 month period.

Listing Rule 7.1 provides that where a company approves an issue of securities, the company's 15% capacity will be replenished and the company will be able to issue further securities up to that limit.

Resolutions 7(a) and 7(b) seek approval for the issue of 25,000,000 Advisory Options and 50,000,000 Underwriting Options for the purpose of satisfying the requirements of Listing Rule 7.1. If Resolutions 7(a) and 7(b) are approved, the Advisory Options and Underwriting Options issued will not affect the capacity of the Company to issue securities in the next 12 months under Listing Rule 7.1 as those securities, once issued, will be excluded from the calculations under Listing Rule 7.1.

For the purposes of Listing Rule 7.3, the following information is provided to Shareholders in relation to Resolutions 5(a) and 5(b):

(a) **Maximum number of securities the entity is to issue**

25,000,000 Advisory Options and 50,000,000 Underwriting Options.

(b) **Date by which the entity will issue the securities**

The Advisory Options and Underwriting Options will be issued to 708 Capital shortly after the Meeting. In any event, however, no Advisory Options or Underwriting Options will be issued to 708 Capital later than 3 months after the Meeting, any such longer period permitted by ASX.

(c) **Issue price of the securities**

No cash consideration is payable for the Advisory Options or Underwriting Options as they are being issued in consideration of corporate advisory and underwriting services provided to the Company by 708 Capital in relation to the Capital Raising.

(d) **Names of the persons to whom the entity will issue the securities (if known) or basis upon which those persons will be identified or selected**

708 Capital (and/or its nominees).

(e) **Terms of the securities**

The Advisory Options and Underwriting Options will be exercisable at \$0.01 and expire four years from the date of issue, and will otherwise be on the terms set out in Schedule 2.

(f) **Intended use of the funds raised**

No funds will be raised by the issue of Advisory Options or Underwriting Options under Resolutions 5(a) and 5(b) as they are being issued as consideration for corporate advisory and underwriting services provided by 708 Capital to the Company in relation to the Capital Raising.

The proceeds from any future exercise of the Advisory Options or Underwriting Options are intended to be applied towards meeting working capital requirements of the Company relevant at, or about, the time of the exercise of the Advisory Options or Underwriting Options at the discretion of the Board.

12 Resolution 8 - Approval of 10% Placement Facility

12.1 General

Listing Rule 7.1A enables eligible entities to issue Equity Securities totaling up to 10% of its issued share capital through placements over a 12 month period after the entity's 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 currently has a market capitalisation of \$5.19 million based on a share price of \$0.003, being the closing price of Shares on the ASX on 17 October 2018.

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.

The Board believes that Resolution 8 is in the best interests of the Company and unanimously recommends that Shareholders vote in favour of this Resolution.

12.2 Description of Listing Rule 7.1A

(a) 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.

(b) 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.

As at the date of this Notice of Annual General Meeting, the only quoted Equity Securities that the Company has on issue is 1,731,436,053 Shares.

(c) 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:

$$(A \times D) - E$$

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" has the same meaning as 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.

(d) 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.

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 11.2(c) above).

(e) 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 on which trades in that class were recorded 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.

(f) **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; and
- (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),

(10% Placement Period).

12.3 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:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded 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 ASX trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 8 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. There is a risk that:
 - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; 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 current market price of Shares and the 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.

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

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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 50% as against the current market price.

Variable A in Listing Rule 7.1A.2		Dilution		
		\$0.0015 50% decrease in Market Price	\$0.003 Current Market Price	\$0.006 100% increase in Market Price
Current Variable A 1,731,436,053	10% Voting Dilution	173,143,605 Shares	173,143,605 Shares	173,143,605 Shares
	Funds raised	\$259,715.41	\$519,430.82	\$1,038,861.63
50% increase in current Variable A 2,597,154,080	10% Voting Dilution	259,715,408 Shares	259,715,408 Shares	259,715,408 Shares
	Funds raised	\$389,573.11	\$779,146.22	\$1,558,292.45
100% increase in current Variable A 3,462,872,106	10% Voting Dilution	346,287,211 Shares	346,287,211 Shares	346,287,211 Shares
	Funds raised	\$519,430.82	\$1,038,861.63	\$2,077,723.26

The table has been prepared on the following assumptions:

- 1 The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- 2 The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- 3 The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Annual General Meeting.
- 4 The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- 5 The issue of Equity Securities under the 10% Placement Facility consists only of Shares.
- 6 The issue price is \$0.003, being the closing price of Shares on the ASX on 17 October 2018.

- (c) The Company will only issue the Equity Securities during the 10% Placement Period. The approval under Resolution 8 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)).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) non-cash consideration for the acquisition of new assets and investments. 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 may use the funds raised towards its existing projects and/or for acquisition of new assets or investments (including expenses associated with such acquisitions) 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.

- (e) 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

persons to whom the Equity Securities will be issued will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the purpose of the issue;
- (ii) 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;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the financial situation and solvency of the Company; prevailing market conditions; and
- (v) advice from corporate, financial and broking advisers (if applicable).

The persons issued securities under the 10% Placement Facility have not been determined as at the date of this Notice of Annual General Meeting but are likely to be investors which are sophisticated and/or professional investors for the purposes of section 708 of the Corporations Act. No Equity Securities will be issued under Listing Rule 7.1A to related parties of the Company.

If the Company is successful in acquiring new assets or investments, it is likely that the persons issued securities under the 10% Placement Facility will be the vendors of the new assets or investments.

- (f) The Company obtained Shareholder approval under Listing Rule 7.1A at the annual general meeting held on 29 November 2017.
- (g) 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.
- (h) During the 12 months preceding the date of the Meeting the Company has or will have issued a total of 843,520,001 equity securities, representing 95% of the total number of equity securities on issue at the commencement of that 12 month period.

Date of issue	(i) 4 September 2018 (ii) 28 September 2018 (iii) 11 October 2018
Number issued	(i) 133,187,333 (ii) 131,594,009 (iii) 578,738,659
Class of Security	(i) Ordinary Fully Paid Shares (ii) Ordinary Fully Paid Shares (iii) Ordinary Fully Paid Shares
Persons who received securities	(i) Sophisticated Investors under the September Placement (ii) Shareholders who applied for shares under the Company's Entitlement Issue Prospectus dated 24 August 2018 (iii) Investors under the Entitlement Issue Shortfall pursuant to the Underwriting Agreement in respect of the Company's Entitlement Issue
Price (per Share)	(i) \$0.003 (ii) \$0.003 (iii) \$0.003

Discount to market	(i) 62.5% (ii) 62.5% (iii) 62.5%
Non cash consideration	(i) Nil (ii) Nil (iii) Nil
Current value of non-cash consideration	(i) Not applicable (ii) Not applicable (iii) Not applicable
Total cash consideration	(i) \$399,562 (ii) \$394,782 (iii) \$1,736,216
Amount of cash spent	(i) 100% (ii) 53.9% (iii) 0% - No shortfall funds have been spent
Use of cash	(i) General working capital (ii) Funds raised will be used for sales and marketing, research and development, manufacturing expenses and working capital as set out in the Company's Prospectus dated 24 August 2018. (iii) Funds raised will be used for sales and marketing, research and development, manufacturing expenses and working capital as set out in the Company's Prospectus dated 24 August 2018.

GLOSSARY

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

708 Capital	708 Capital Pty Ltd (ACN 142 319 202)
Advisory Option	an Option on the terms set out in Schedule 2.
Annual General Meeting	the annual general meeting of Shareholders convened by the Notice of Meeting.
Annual Report	the Company's annual report for the year ended 30 June 2018 comprising the Financial Report, the Directors' Report, the Remuneration Report and the Auditor's Report.
Associate	has the meaning set out in sections 11-17 of the Corporations Act.
ASX	ASX Limited (ACN 008 624 691) trading as the Australian Securities Exchange.
ASX Listing Rules	the official listing rules of the ASX.
Board	the board of Directors.
Capital Raising	the capital raising undertaken by the Company described in section 3.1 of the Explanatory Statement.
Chairman	the chair of the Meeting.
Closely Related Party	a closely related party to Key Management Personnel as defined in Section 9 of the Corporations Act.
Convertible Note	a convertible note issued pursuant to the terms of the Convertible Note Agreement.
Convertible Note Agreement	the convertible note agreement proposed to be entered into by the Company with Exempt Investors for the issue of Convertible Notes and, if applicable, the conversion of Convertible Notes into Shares.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Director	a director of the Company.
Exempt Investor	a professional and/or sophisticated investor for the purposes of section 708 of the Corporations Act.
Explanatory Statement	this Explanatory Statement accompanying the Notice of Meeting.
Key Management Personnel	the key management personnel of the Company as defined in section 9 of the Corporations Act and Australian Accounting Standards Board accounting standard 124, being 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).
Loan Facility	has the meaning given in section 3.3.
Notice or Notice of Meeting	the notice convening the Annual General Meeting accompanying this Explanatory Statement.
Option	an option to acquire a Share.
Placement	the placement of 133,187,333 Shares to Exempt Investors as announced by the Company on 4 September 2018 at an issue price of \$0.003 per Share.
Placement Applicants	an Exempt Investor who applied for Shares under the Placement. No Placement Applicant is a related party for the purposes of the Corporations Act.

Proxy Form	the proxy form attached to this Notice.
Remuneration Report	the section of the Directors' Report in the Annual Report entitled "Remuneration Report".
Resolution	a resolution to be considered at the Annual General Meeting or contained in the Notice of Meeting.
Schedule	a schedule to this Explanatory Statement.
Share	a fully paid ordinary share in the capital of the Company.
Shareholder	a holder of a Share.
Trident Capital	Trident Capital Pty Ltd (ACN 100 561 733)
Underwriting Option	an Option on the terms set out in Schedule 2.
WST	Western Standard Time in Australia.

SCHEDULE 1 – TERMS OF CONVERTIBLE NOTES

The material terms of the Convertible Notes are as follows:

Convertible Notes	
Face Value	<p>The face value in respect of a Convertible Note.</p> <p>To avoid doubt, the total face value of all Convertible Notes issued will be the amount owed by the Company under the Loan Facility, being \$1,429,120.75 (including accrued interest to 30 June 2018 of \$59,120.75).</p>
Conditions	<p>The issue and conversion of a Note into Shares is conditional on the Company obtaining Shareholder approval for the issue of Convertible Notes and conversion of Convertible Notes into Shares.</p> <p>Shareholder approval is not needed for the purposes of:</p> <ul style="list-style-type: none"> • section 208 of the Corporations Act (related party approval); and • item 7 of section 611 of the Corporations Act (takeover approval).
Maturity Date	30 June 2019.
Interest rate	<p>9% per annum payable on each 6 month anniversary after the issue date.</p> <p>A noteholder may elect to convert accrued interest into Shares rather than payment in cash.</p>
Conversion Price	\$0.003 per Share
Conversion	<ul style="list-style-type: none"> • A noteholder may elect to convert a Convertible Note into securities at any time on or before the Maturity Date. • If converted, the Face Value and accrued interest will convert into Shares at the Conversion Price. • An unconverted Convertible Note must be converted into Shares by the Company within 10 business days of the Maturity Date.
No quotation	<ul style="list-style-type: none"> • A Convertible Note will not be quoted or listed on any stock exchange.
Voting rights	<ul style="list-style-type: none"> • A Convertible Note will not provide any voting rights at Shareholder meetings of the Company.
Terms of Shares	<ul style="list-style-type: none"> • Share issued upon the conversion of a Convertible Note will rank equally with existing Shares on issue.
Compliance with laws	<ul style="list-style-type: none"> • Despite any other provision of the Convertible Note Agreement, if an issue of Shares would contravene the Corporations Act or any other applicable laws then, to the extent that such issue would contravene such law, the Company's obligation to issue the relevant securities will be deferred until such time or times as the issue of Shares would not contravene the relevant law.
Other provisions	<ul style="list-style-type: none"> • The Convertible Note Agreement contains warranties and undertakings considered standard for an agreement of this nature.

	<ul style="list-style-type: none">• The Company gives a number of undertakings considered standard for a borrower in an agreement of this nature.• The Convertible Note Agreement sets out a number of default events considered standard for an agreement of this nature, including breach of the Agreement and insolvency. If a default event occurs, a noteholder can declare all money owing under the Convertible Note Agreement to be immediately due and payable.
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SCHEDULE 2 – TERMS OF ADVISORY AND UNDERWRITING OPTIONS

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Expiry Date**

Each Option will expire at 5.00pm (WST) four years from the date of issue (**Expiry Date**).

(c) **Exercise Price**

Each Option will have an exercise price equal to \$0.01 (**Exercise Price**).

(d) **Exercise period and lapsing**

Subject to clause (i) (Shareholder and regulatory approvals), Options may be exercised at any time after the date of issue and prior to the Expiry Date. After this time, any unexercised Options will automatically lapse.

(e) **Exercise Notice and payment**

Options may be exercised by notice in writing to the Company (**Exercise Notice**) together with payment of the Exercise Price for each Option being exercised. Any Exercise Notice for an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt. Payment in connection with the exercise of Options must be in Australian currency, and made payable to the Company in cleared funds.

(f) **Shares issued on exercise**

Shares issued on exercise of Options will rank equally in all respects with then existing fully paid ordinary shares in the Company.

(g) **Quotation of Shares**

Provided that the Company is quoted on ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(h) **Timing of issue of Shares**

Subject to clause (i) (Shareholder and regulatory approvals), within 5 business days after the later of the following:

- (i) receipt of an Exercise Notice given in accordance with these terms and conditions and payment of the Exercise Price in cleared funds for each Option being exercised by the Company if the Company is not in possession of excluded information (as defined in section 708A(7) of the Corporations Act); and
- (ii) the date the Company ceases to be in possession of excluded information with respect to the Company (if any) following the receipt of the Exercise Notice and payment of the Exercise Price in cleared funds for each Option being exercised by the Company,

the Company will:

- (iii) allot and issue the Shares pursuant to the exercise of the Options;
- (iv) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act (to the extent that it is legally able to do so); and
- (v) apply for official quotation on the ASX of the Shares issued pursuant to the exercise of the Options.

If the Company is unable to lodge a notice that complies with section 708A(5)(e) of the Corporations Act then the Company may, in its absolute discretion, issue the Shares after the lodgement of a disclosure document issued by the Company complying with Part 6D.2 of the Corporations Act in respect of an offer of Shares or, if agreed by the holder, issue the Shares after the holder signs an undertaking not to deal in the Shares for 12 months from their issue, and agrees to a holding lock being placed on the Shares for the 12 month period.

(i) **Shareholder and regulatory approvals**

Notwithstanding any other provision of these terms and conditions, exercise of Options into Shares will be subject to the Company obtaining all required (if any) Shareholder and regulatory approvals for the purpose of issuing the Shares to the holder. If exercise of the Options would result in any person being in contravention of section 606(1) of the Corporations Act then the exercise of each Option that would cause the contravention will be deferred until such time or times that the exercise would not result in a contravention of section 606(1) of the Corporations Act. Holders must give notification to the Company in writing if they consider that the exercise of the Options may result in the contravention of section 606(1) of the Corporations Act, failing which the Company will be entitled to assume that the exercise of the Options will not result in any person being in contravention of section 606(1) of the Corporations Act.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least four business days after the issue is announced. This is intended to give the holders of Options the opportunity to exercise their Options prior to the announced record date for determining entitlements to participate in any such issue.

(k) **Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the holder would have received if the holder had exercised the Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(l) **Adjustment for rights issue**

If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment to the Exercise Price.

(m) **Adjustments for reorganisation**

If there is any reconstruction of the issued share capital of the Company, the rights of the holders may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

(n) **Quotation**

The Company will not apply for quotation of the Options on ASX.

(o) **Transferability**

Options can only be transferred with the prior written consent of the Company, which consent may be withheld in the Company's sole discretion.

Lodge your vote:

 **Online:**
www.investorvote.com.au

 **By Mail:**
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

CIO
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form



Vote and view the annual report online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I9999999999 PIN: 99999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



 **For your vote to be effective it must be received by 10:30am (WST) Monday, 26 November 2018**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** →

This Document is printed on Greenhouse Friendly™ ENVI Laser Carbon Neutral Paper

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Connected IO Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Connected IO Limited to be held at Level 24, 44 St Georges Terrace, Perth, Western Australia on Wednesday, 28 November 2018 at 10:30am (WST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 5a and 5b (except where I/we have indicated a different voting intention below) even though Resolutions 1, 5a and 5b are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 5a and 5b by marking the appropriate box in step 2 below.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain			For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 7a	Approval of issue of Advisory Options to 708 Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Mr Jason Ferris as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 7b	Approval of issue of Underwriting Options to 708 Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of issue of Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 8	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Convertible Notes to Exempt Investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Resolution 5a	Approval of issue of Shares to Director - Yakov Temov	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Resolution 5b	Approval of issue of Shares to Director - Jason Ferris	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Resolution 6	Approval of issue of Advisory Options to Trident Capital Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

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