

ASX ANNOUNCEMENT

14 January 2019

Notice of Extraordinary General Meeting

Monday, 14 January 2019: U.S.-based fintech company Change Financial Limited (ASX:CCA) ("Change Financial" or "the Company"), announces that an extraordinary general meeting of the Company's shareholders will be held at **11.00am** on **12 February 2019** at the offices of Pitcher Partners, Level 22, MLC Centre, 19 Martin Place, Sydney.

The Notice of Meeting, Explanatory Memorandum and Proxy Form have been mailed to shareholders today. Copies of these documents follow this announcement.

For more information, please contact:

Teresa Clarke
Chairman

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Web: www.changefinancial.com

About Change Financial

Change Financial Limited (ASX: CCA) is a US-focused fintech company revolutionising the way traditional currencies and digital assets flow between consumers, businesses and financial institutions through its range of innovative, globally scalable payments' services. Change Financial's solutions include a registered Mastercard enterprise processor, a blockchain-based payments platform and cryptocurrency and an award-winning consumer digital banking platform.

To learn more, please visit: www.changefinancial.com.

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Notice of Extraordinary General Meeting and Explanatory Memorandum

Change Financial Limited

ACN 150 762 351

Date of Meeting: 12 February 2019

Time of Meeting: 11.00am (Sydney time)

Place of Meeting: Pitcher Partners, Level 22, MLC Centre, 19 Martin Place,
Sydney, NSW, Australia

This is an important document and requires your attention

If you are in any doubt about how to deal with this document, please consult your legal, financial or other professional advisor.

Chair's Letter

14 January 2019

Dear Shareholder,

Restructure proposal

On behalf of the Directors of Change Financial Limited (the **Company**), I provide details of a proposal for the restructure and recapitalisation of the Company for your consideration and approval.

As previously announced, the Company commenced a strategic review of its operations on 7 September 2018 in view of the challenging market conditions and funding constraints affecting the Company and its operations. Since that time your Board has taken a number of steps to streamline operations and develop a business strategy focused on our most prospective business opportunity. A more detailed explanation of the current status of the restructuring of the Company and its operations is set out in the attached Explanatory Memorandum.

Securing future funding is critical to the Company's ongoing viability, its ability to deliver value to Shareholders through the development and commercialisation of the Company's payments processing platform.

After consideration of a range of alternatives, the Board resolved that the funding package announced to the market on 12 December 2018 was the most favourable to the Shareholders. The funding package comprises:

- A secured loan facility with Altor Capital Management Pty Ltd as trustee for the Change Financial Investment Trust (**Altor**) for A\$2 million (US\$1.40 million) (**Altor Loan**) of which an initial advance of A\$0.5 million has been drawn by the Company. The Altor Loan will be repaid, subject to Shareholder approval, by an issue of convertible notes (**Notes**). Altor has the right but not obligation, upon the Company's request, to subscribe for a further A\$2 million of Notes (**Note Issue**); and
- A non-renounceable entitlement offer to Shareholders to raise up to A\$1 million (US\$0.70 million) from existing Shareholders (**Entitlement Offer**). The Entitlement Offer is not underwritten (together, the **Funding Package**).

The Funding Package provides the Company with access to funding to meet its short-term requirements pending Shareholder approval of the Note Issue. The Altor Loan is to be repaid from the proceeds of the Note Issue. If the Note Issue is not approved by Shareholders, the Altor Loan is repayable 10 Business Days after the Meeting.

Shareholder approval is being sought for the issue of Notes as they may convert into more than 15% of the Company's issued share capital. Additional approvals are being sought to ratify the issue of Options to Altor (or its nominees) as a facility fee for the Altor Loan and Note Issue (**Altor Options**).

The Company recognises the loyalty and support of its Shareholders and urges Shareholders to carefully consider the information regarding the Company and the Funding Package in the attached Explanatory Memorandum and vote on the Resolutions.

The meeting is to be held at Pitcher Partners, Level 22, MLC Centre, 19 Martin Place, Sydney, NSW, Australia on 12 February 2019 at 11.00am (Sydney time). Proxy forms must be received by 11:00am (Sydney time) on 10 February 2019 to be valid.

Separate documents will be sent to Shareholders in due course in relation to the Entitlement Offer.

Thank you for your continued support of the Company.

Yours sincerely,

Chair
Teresa Clarke

Notice of Meeting

Notice is given that the Extraordinary General Meeting of Shareholders of Change Financial Limited ACN 150 762 351 (the **Company**) will be held at Pitcher Partners, Level 22, MLC Centre, 19 Martin Place, Sydney, NSW, Australia on 12 February 2019 at 11.00am (Sydney time).

Terms used in this Notice of Meeting are defined in **section 13** of the accompanying Explanatory Memorandum.

AGENDA

SPECIAL BUSINESS

1. Resolution 1 – Approval of Note Issue

To consider and, if thought fit, pass the following Resolution, as an Ordinary Resolution, with or without amendment:

“That for the purposes of Listing Rule 7.1, and for all other purposes, Shareholders approve the issue and allotment of up to 40,300,000 Notes to Altor (or its nominees) as described in the Explanatory Memorandum.”

2. Resolution 2 – Ratification of issue of Altor Options

To consider and, if thought fit, pass the following Resolution, as an Ordinary Resolution, with or without amendment:

“That for the purposes of Listing Rule 7.4, and for all other purposes, the issue of 4,000,000 Options to Altor (or its nominees) be ratified and approved as described in the Explanatory Memorandum.”

GENERAL BUSINESS

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.

By order of the Board

Gillian Nairn
Company Secretary
14 January 2019

Notice of Meeting

VOTING

Notice record date

The Company's Shareholders recorded on the Company's register of members at 7:00pm (Sydney time) on 7 January 2019 (**Notice Record Date**) will be entitled to receive this Notice.

Entitlement to attend and vote

Shareholders recorded on the Company's register of members at 7:00 pm (Sydney time) on 10 February 2019 (**Voting Entitlement Date**) will be entitled to vote on Resolutions at the Meeting.

Becoming a Shareholder

Persons who become registered Shareholders between the Notice Record Date and the Voting Entitlement Date, and wish to vote at the Meeting by proxy should call 1300 554 474 (within Australia) or +61 1300 554 474 (outside Australia) and request an additional personalised voting form.

Persons who become beneficial Shareholders between the Notice Record Date and the Voting Entitlement Date, and wish to vote at the Meeting by proxy should contact their broker or intermediary for instructions on how to do so.

Voting Procedure

Under the Company's Constitution, any poll will be conducted as directed by the chair of the Meeting.

A poll will be conducted on the Resolutions if any voting exclusions apply to exclude certain Shareholders' votes.

Shareholders can vote in one of two ways:

1. by attending the Meeting and voting; or
2. by appointing a proxy to attend and vote on their behalf.

Shareholders are asked to arrive at the venue 15 minutes prior to the time designated for the Meeting, if possible, so that the Company may check their Shareholding against the Company's share register and note attendances.

If more than one joint holder of Shares is present at the Meeting (whether personally, by proxy or by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

Voting Restrictions

The voting exclusions under the Listing Rules for each Resolution are set out in the Explanatory Memorandum to this Notice.

PROXY FORMS

Proxy Form

Enclosed with this Notice is a personalised Proxy Form. The Proxy Form allows Shareholders who are not attending the Meeting to appoint a proxy to vote on their behalf.

Notice of Meeting

If you hold Shares in more than one capacity, please complete the Proxy Form that is relevant to each holding.

Appointing proxies

Shareholders, who are entitled to attend and vote at the Meeting, may appoint a proxy to act generally at the Meeting and to vote on their behalf.

A proxy need not be a Shareholder of the Company.

A Shareholder entitled to attend and vote can appoint up to two proxies, and should specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the Shareholder's votes. If you wish to appoint two proxies please call 1300 554 474 (within Australia) or +61 1300 554 474 (outside Australia) and request an additional Proxy Form.

A corporate Shareholder or proxy must appoint a person as its corporate representative.

Undirected proxies

The Chair intends to vote all valid undirected proxies in favour of the Resolutions.

Power of attorney and corporate representatives

If the Proxy Form is signed by an attorney, the power of attorney or a certified copy of it must be sent with the Proxy Form.

A body corporate member may elect to appoint a representative, rather than appoint a proxy. Where a body corporate appoints a representative, written proof of the representative's appointment must be to be lodged with, or presented to the Company before the Meeting.

A body corporate appointed as a proxy must also lodge a certificate of appointment of a corporate representative.

LODGING PROXY FORMS

Deadline

Proxy Forms must be received by 11:00am (Sydney time) on 10 February 2019.

How to lodge Proxy Forms

You can lodge your Proxy Form with the Company by:

- by mail: Link Market Services
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235, Australia
- by fax: +61 2 9287 0309
- online: www.linkmarketservices.com.au
- by hand to: Link Market Services Limited, 1A Homebush Drive, Rhodes NSW 2138

Further details on how to lodge your Proxy Form can be found on the reverse side of the Proxy Form.

Notice of Meeting

ENQUIRIES

If you have any questions about this Notice or your Proxy Form please contact the Company's share registry, Link Market Services Limited, 1300 554 474 (within Australia) or +61 1300 554 474 (outside Australia).

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Explanatory Memorandum

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1 Key dates

Indicative key dates*	
Notice of Meeting Dispatch Date	14 January 2019
Entitlement Offer Record Date	17 January 2019
Entitlement Offer Opens	21 January 2019
Shareholder Meeting to Approve Notes Issue and Ratify Altor Options	12 February 2019
Entitlement Offer Closes	13 February 2019
Issue of Shares pursuant to Entitlement Offer	20 February 2019
Tranche 1 Notes Issued (if approved by Shareholders)	26 February 2019

*The following dates are indicative only and may be subject to change. The Board reserves the right to vary these dates, subject to any applicable Corporations Act and Listing Rules requirements.

Explanatory Memorandum

2 Introduction

This Explanatory Memorandum is provided to Shareholders of the Company to explain the Resolutions to be put to Shareholders at the Extraordinary General Meeting to be held at Pitcher Partners, Level 22, MLC Centre, 19 Martin Place, Sydney, NSW, Australia on 12 February 2019 at 11.00am (Sydney time).

The Directors recommend Shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Terms used in this Explanatory Memorandum are defined in **section 13**.

3 Overview

Issue	Explanation	More details
Overview of Funding Package	<p>Under the Funding Package:</p> <ul style="list-style-type: none">Altor has provided a A\$2 million (US\$1.40 million) secured loan facility to the Company of which an initial advance of A\$0.5 million has been drawn by the Company.Altor will invest between A\$2 million to A\$4 million (US\$1.40 million to US\$2.80 million) (before fees and expenses) through the Note Issue, subject to Shareholder approval. The issue of Notes will repay funds advanced under the Altor Loan. <p>The Company also proposes to undertake an Entitlement Offer, to raise up to a further A\$1 million (US\$0.70 million) from existing Shareholders.</p>	Section 4
Shareholder approvals	<p>Shareholder approval is being sought for the Note Issue under Listing Rule 7.1 as the Notes may convert into more than 15% of the issued share capital of the Company.</p> <p>Shareholder approval is also being sought to ratify the issue of 4,000,000 Options to Altor (or its nominees) as a facility fee for the Altor Loan and Note Issue.</p>	Sections 10.1 and 11.1
Company update	<p>Following completion of the strategic review announced on 7 September 2018, the Company has determined to focus operations on the development of its Payments Processing Business and to monetise of other non-core assets.</p> <p>A process is underway to dispose of the Mobile Banking Consumer Business. At the date of this document, the outcome of the current divestment process remains uncertain. The Company is seeking to complete the process in the first calendar quarter of 2019.</p> <p>As at 31 December 2018, the Company had cash reserves of approximately US\$0.36 million, including the A\$0.5 million initial advance (US\$0.35 million) under the Altor Loan.</p> <p>On 11 January 2019 the Company announced the monetisation of its Ivy Investment. Following settlement, the Company will have an additional US\$1.5 million in cash reserves in addition to above.</p>	Section 5

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These funds are expected to be received in the second half of FY2019.

Development of the Company's Payments Processor has progressed over the last 12 months. It completed Mastercard certification in October 2018, a major milestone ahead of launch. Once launched, the Company will be one of 30 certified Mastercard processors in the USA and will initially target more than 7,000 FDIC (Federal Deposit Insurance Corporation) banks, 5,500 credit unions and a host of innovative players in the financial services arena across the US with innovative, cost-effective mobile banking services.

Funding requirements

As previously mentioned in the Company's annual financial statements, there continues to be material uncertainty about the Company's ability to continue as a going concern. Accordingly, future funding of the Company is critical to its ongoing viability.

The Board has considered a number of funding alternatives and considers that the Funding Package provides capital to continue to fund development of its Payments Processor.

Sections 4.2 and 5.5

Altor Loan

Altor has agreed to lend A\$2 million (US\$1.40 million) to the Company, via the Altor Loan, to progress the monetisation of the assets and continue development of the Payments Processor.

The Altor Loan is secured over the assets of the Company and interest is payable at 10% p.a.

The Altor Loan is to be repaid from the proceeds of the Note Issue.

If the Resolutions are not passed, unless alternative funding is available to the Company almost immediately after the EGM, which is considered unlikely, the Company is unlikely to have adequate funds to continue operating the Payment Processing Business or as a going concern.

Section 4.3

Notes

Subject to Shareholder approval, Altor, or its nominee, will subscribe for 20 million Notes for A\$2 million (US\$1.40 million) under the Tranche 1 Note Issue.

Altor, or its nominee, may also subscribe for up to a further 20 million Notes for a further A\$2 million if the Company requests and Altor agrees under the Tranche 2 Note Issue.

Interest is payable at 10% per annum and the Notes mature 36 months from their issue date.

Importantly, the Notes are automatically converted to Shares at maturity (unless converted or redeemed earlier).

Each Note converts into Shares at the lower of A\$0.10 per Share and 75% of the Company's 10-day VWAP prior to conversion (subject to adjustment following certain Share issues).

Notes are redeemable by the Company at any time after the date of issue with Altor's consent (and in which case a make whole fee is payable).

Section 4.4, 6 and Annexure 1

Explanatory Memorandum

Details about Altor and its Board nominees	<p>Altor is a wholly-owned subsidiary of Altor Private Equity Pty Ltd, a private equity fund based in Australia. Altor was a key early investor in the Company prior to its IPO in 2016. In the past Altor co-invested with its clients in the Company. Mr Harley Dalton is the founder and a director of Altor, and Mr Benjamin Harrison is a previous director of the Company – both Mr Dalton and Mr Harrison joined the Board of the Company under the terms of the proposed Funding Package on 11 December 2018.</p> <p>Altor will hold the notes as trustee for the Change Financial Investment Trust.</p>	Section 4.6
Entitlement Offer	<p>The Company will undertake a non-renounceable, non-underwritten Entitlement Offer on the following basis:</p> <ul style="list-style-type: none">• Amount: A\$1 million (US\$0.70 million).• Issue price: A\$0.06 per Share.• Shareholders who participate in the Entitlement Offer may subscribe for any shortfall in excess of their initial entitlements.	Section 4.5
Effect of Funding Package	<p>The Funding Package is expected to be used to provide short term working capital, cover expenses associated with the raisings and provide funding for the development of the Payment Processing Business. The extent of funding available for development of the Payment Processing Business depends on the amounts raised.</p>	Section 6
Board recommendations	<p>The Directors recommend that Shareholders vote in favour of all of the Resolutions.</p> <p>Mr Harley Dalton and Mr Benjamin Harrison who were appointed to the Board on 11 December 2018 following execution of the transaction documents, at the request of Altor, do not make any recommendations on the Resolutions, due to their interests with Altor.</p> <p>The Chair intends to vote undirected proxies in favour of the Resolutions.</p>	Section 7
Risks	<p><i>Solvency risk</i></p> <p>The Company has limited financial resources, is not cash flow positive and is reliant on raising funds in the immediate term to continue as a going concern.</p> <p><i>Other risks</i></p> <p>There are a range of other risks associated with the Funding Package and the Company's future business operations, relating to, for instance:</p> <ul style="list-style-type: none">• Risks that further funds will need to be raised;• Potential dilution to Shareholders;• Reduced workforce, revenue and business diversity; and• Market perception and competitor actions.	Section 8
Consequence of no approval	<p>If Shareholders do not approve Resolutions 1, the Note Issue will</p>	Section 9

Explanatory Memorandum

not proceed, the Company will require further funding to repay the Altor Loan, progress development of the Payments Processing Business and, depending on the amount raised under the Entitlement Offer, there is a risk that the Company will not have the funds to meet its creditor commitments and continue as a going concern.

If the Altor Option issue is not ratified under Resolution 2, the Company's 15% Capacity to issue securities will not be refreshed and this will limit the Company's ability to raise capital without Shareholder approval.

Costs and expenses

Altor was issued 4,000,000 Options for arranging the Altor Loan and Note Issue.

2,000,000 Options vest once Altor provides an initial advance of A\$500k to the Company under the Altor Loan. A further 2,000,000 Options vest if Shareholders approve Resolution 1.

A cash facility fee of A\$100,000 (US\$70,000) was paid to Altor and offset against the loan proceeds.

The Company has paid A\$50,000 (US\$35,000) for Altor's legal and administrative expenses relating to the Altor Loan and Note Issue.

**Section 4.7
and Annexure
2**

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4 Details of the Funding Package

4.1 Funding Package

The Funding Package is critical to the Company's ongoing viability and its ability to deliver value to Shareholders through the development and commercialisation of its payments processing platform (**Payments Processor**) and services for enterprise clients and financial institutions (**Payments Processing Business**).

The Directors reviewed a number of funding proposals and, as announced on 12 December 2018, believe the Funding Package, comprising the Altor Loan, Note Issue and Entitlement Offer, is the most favourable to Shareholders.

The amount raised from the Funding Package will depend on:

- whether Shareholders approve the Note Issue;
- the amount raised under the Entitlement Offer; and
- whether the Tranche 2 Note Issue proceeds.

As a minimum, if Shareholders approve the Note Issue, the company expects to receive a minimum of A\$2 million prior to costs and expenses of the Funding Package.

4.2 Use of funds

The funds raised from the Funding Package will be used to:

- fund the ongoing development of the Payments Processor;
- provide working capital; and
- pay expenses associated with the Funding Package.

The allocation of funds between these uses is dependent on the amount raised.

Under the Funding Package Base Case as described in section 6, the Company has funds to cover approximately 10 months of operating costs. Without the Tranche 2 Note Issue the Company will need to raise more money.

If the Tranche 2 Note Issue doesn't proceed, the company will use any remaining funds for working capital and where possible continue development of the Payments Processor.

Short term working capital funding

The Company will seek to minimise operating expenses. The Company anticipates that working capital requirements (excluding the Mobile Banking Consumer Business) will be approximately US\$0.28 million per month through to the end of June 2019.

4.3 Altor Loan

Altor has agreed to provide the Company with the Altor Loan pending approval of the Note issue. The Altor Loan is A\$2 million (US\$1.40 million) under the senior and secured loan facility.

The Altor Loan may be draw down by the Company as follows:

- the Company drew down an initial advance of A\$0.5 million (US\$0.35 million) on 17 December 2018; and
- the balance of the Altor Loan may be drawn on or after Friday, 11 January 2019, subject to satisfaction of the drawdown conditions.

Any amount drawn under the Altor Loan is repayable:

- from the proceeds of the Tranche 1 Note Issue if approved; or

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- if Shareholders do not approve the Note Issue, by 26 February 2019.

Interest is payable on the amount drawn at the rate of 10% per annum. If the Altor Loan is repaid by set off against the issue of Notes, accrued interest will be satisfied by the issue of additional Notes.

The Company's obligations under the Altor Loan are secured by a first ranking general security over the Company's present and future assets as well as guarantees provided by the Company's wholly owned subsidiary ChimpChange LLC.

A cash facility fee of A\$100,000 (US\$70,000) has been paid for the Altor Loan.

Altor has the right to two Directors while either funds are outstanding under the Altor Loan or Altor holds Notes. Altor has appointed, Mr Harley Dalton and Mr Benjamin Harrison.

The Company has provided a number of undertakings to Altor that are common for a financing transaction of this nature.

4.4

Note Issue

Under the proposed Note Issue, Altor will subscribe for:

- an initial Note Issue of 20 million Notes, raising A\$2 million (US\$1.40 million) (before costs) (**Tranche 1 Note Issue**); and
- a conditional Note Issue of up to a further 20 million Notes raising up to a further A\$2 million (before costs) (**Tranche 2 Note Issue**).

The Tranche 2 Note Issue will proceed only if the Company requests the funds and Altor agrees to the further subscription. The Company may be required to seek further Shareholder approval if it undertakes the Tranche 2 Note Issue (in whole or in part) more than three months after the date of the Meeting (or such later date as permitted by an ASX waiver or modification of the Listing Rules) if it does not have sufficient capacity to issue the Notes under its 15% Capacity pursuant to Listing Rule 7.1 (or if it requires approval for any other purpose).

Interest is payable on the Notes at a rate of 10% per annum (due quarterly in arrears), with the Company having the option to pay interest in cash or by the issue of new Notes (on the basis of one new Note for each A\$0.10 of interest payable).

The Notes will mature 3 years after the issue date of the Tranche 1 Note Issue.

Altor will ensure that no person who holds Notes converts them if it would result in a person (or its associates) acquiring more than 19.99% voting power in the Company upon conversion.

Notes are redeemable by the Company at any time after the date of issue with Altor's consent (in which case a make whole fee is payable).

The Notes are not redeemed on maturity but automatically convert into Shares at maturity unless converted or redeemed earlier.

Each Note converts into Shares at the lower of A\$0.10 per Share and 75% of the Company's 10-day VWAP prior to conversion. In certain circumstances, the conversion price may adjust down to the price of a material issue of shares after the date of the Note issue (excluding the Entitlement Offer).

Altor may convert Notes at any time prior to maturity, however, conversion is not permitted:

- in the six months after the issue of Notes if the Company has cash reserves or amounts to be received under binding agreements for divestment of assets of at least A\$1 million.
- for 10 business days after Shares in the Company are disposed of by Altor or its underlying investors (**Altor Investors**) or any associates of them.

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- where a person will acquire voting power of more than 19.99% in the Company as a result of the conversion of Notes.

All Notes on issue will be converted at the same time.

Altor has agreed that it will not, and it will endeavour that Altor Investors who will be transferred Notes or Shares on conversion of Notes or an associate of Altor, do not sell (or short sell) Shares within 30 days prior to conversion.

The Notes are secured by a first ranking general security over the Company's present and future assets as well as guarantees provided by the Company's wholly owned subsidiary ChimpChange LLC.

Under the Note terms, certain changes to the Company require the consent of Altor, including:

- Capital expenditure decisions over A\$0.2 million unless within the approved budget.
- Changes in strategy, except to the extent that variations to strategy are anticipated in the approved budget.
- Negative pledge on future indebtedness.

On an event of default occurring, the Company must pay interest at a rate of 20% p.a.

Please see a summary of the terms of the Notes and the Note Issue set out at **Annexure 1** for further details.

4.5 Entitlement Offer

The Company will undertake a non-renounceable, non-underwritten Entitlement Offer on the following basis:

- Amount: A\$1 million (US\$0.70 million);
- Issue price: A\$0.06 per Share; and
- Shareholders participating in the Entitlement Offer may subscribe for any shortfall in excess of their initial entitlements.

Further terms in respect of the Entitlement Offer will be set out in the Entitlement Offer Booklet, which is expected to be despatched to Shareholders on or around 21 January 2019.

4.6 Details about Altor

Altor is a wholly-owned subsidiary of Altor Private Equity Pty Ltd, a private equity fund based in Australia. Altor was a key early investor in the company prior to its IPO in 2016. In the past Private Equity co-invested with its clients in the Company. Mr Harley Dalton is the founder and a director of Altor, and Mr Benjamin Harrison is a previous director of the Company – both Mr Dalton and Mr Harrison joined the Board of the Company under the terms of the proposed Funding Package on 12 December 2018.

Altor has advised that:

- it will act as the representative noteholder and security trustee, holding Notes on behalf of Altor Investors.
- Altor and its associates have a 0.4% Relevant Interest in the Company's Shares at the date of this Notice of Meeting.
- no Altor Investor is associated with a director of the Company or is otherwise a related party.

Altor has confirmed that based on the circumstances prevailing at the date of this document, if the Note Issue is approved, it has no current intention to:

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- propose changes to the Company's business or inject further capital into the Company (other than as to the Funding Package);
- recommend changes to the future employment of Change's present key employees (subject to review by the Board); or
- propose the transfer of assets between the Company and Altor (or its associates) or otherwise redeploy the Company's fixed assets (other than as proposed in this document).

4.7

Transaction fees

Altor Options

As a fee for arranging the Altor Loan and the Note Issue, the Company issued 4,000,000 Options to Altor (**Altor Options**). Each Altor Option is convertible into one Share at an exercise price of A\$0.01 per Share. The Altor Options are unlisted and expire at 5pm AEST on 31 December 2020 (**Expiry Date**) if not exercised before the Expiry Date.

2,000,000 Options vest once Altor provides an initial advance of A\$500k to the Company under the Altor Loan. A further 2,000,000 Options vest if Shareholders approve Resolution 1.

Shareholder approval under Resolution 2 is being sought to ratify the issue of the Altor Options, so as to refresh the Company's capacity to issue equity securities under Listing Rule 7.1 (to the extent of the issue of Altor Options).

The full terms of the Altor Options are set out in **Annexure 2**.

Cash facility fee

A cash facility fee of A\$100,000 (US\$70,000) for arranging the Altor Loan and Note Issue has been paid to Altor.

Altor costs

The Company has paid A\$50,000 (US\$35,000) to Altor for its legal and administrative expenses relating to the transaction.

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5 Company update

5.1 Overview

Over the last 12 months, the Company's operations have been focused on:

- advancing development of the Payments Processor and Payments Processing Business;
- expanding the Mobile Banking Consumer Business; and
- monitoring and supporting development of Ivy Koin, a blockchain business in which the company has a 33.3% minority interest (**Ivy Investment**).

In September 2018, the Company retained management consultants specialised in the payments and digital financial services industry to review the Payments Processing Business, the Ivy Investment and Mobile Banking Consumer Business. Following their review, the Company has determined:

- to focus its efforts on completing the build of its Payments Processor and development of the Payments Processing Business, which it believes offers substantial opportunity given the significant size of the addressable market, the projected high growth in the market size over the next six years, the high revenue potential, the limited number of competitors, and the high barriers to entry for new players; and
- while the Mobile Banking Consumer Business is leading edge, the underlying revenue metrics and profitability have struggled to scale. As such, a strategic decision was made to divest this operation and a process to achieve that is underway. Refer the Company's ASX announcement dated 31 October 2018, available at www.asx.com.au (ASX: CCA). At this time the outcome of the divestment process is uncertain.

5.2 Payments Processor

Status of development

Development of the Company's Payments Processor is progressing well. The Payments Processing Business aims to provide a transaction processing solution to corporates, financial institutions, fintech companies, banks and others initially in the US, particularly those lacking a mobile strategy. The Company aims to provide its potential institutional clients (and their customers) more innovative transaction processing than some of the incumbent providers. The Company is also aiming to leverage learning from its consumer business and will offer a turn-key mobile banking solution to those banks and institutions lacking technology capabilities and mobile strategies.

The Company is one of the first to be certified to process transactions using the Mastercard Network Gateway Services platform. The Company's partner, Central Bank of Kansas City (**CBKC**), has announced that it will soon register the Company as a Third-Party Processor with Mastercard.

The Payments Processor completed Mastercard certification in October 2018 which is a critical milestone ahead of launch. It completed all test transaction cases in the final stage of certification and eligible for registration as a Mastercard third-party processor using the Mastercard Network Gateway Services. Prior to this, in July 2018, the Company successfully completed the Connectivity, Key Exchange and Administrative Message testing components of the Mastercard testing procedure.

Once launched, the enterprise solution will initially target more than 7,000 FDIC (Federal Deposit Insurance Corporation) banks, 6,000 credit unions and a host of innovative players in the financial services arena across the US with innovative mobile banking services. The addressable market in the US is approximately a US\$50 billion market in 2019, growing at approximately 20% per annum through to 2025.

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Benefits of the Payments Processor

The Company is aiming to provide capabilities above that of incumbent payment processors to deliver a unique selling point for its technology. The Company's Payments Processor will also be paired with its integrated mobile banking technology to offer an innovative turn-key mobile solution to clients. This mobile banking technology is separate from the Consumer Banking Platform (ChimpChange). The Company also aims to provide, directly or through partnerships, complementary services to clients required to maintain a mobile banking and/or card product such as digital marketing (helping to acquire low-cost customers and with a high proportion of millennials), compliance (regulatory required and internal), customer support (card and app) and card fulfillment (unique card packaging and regulatory requirements).

The Payments Processor will have superior fraud detection and prevention systems helping clients catch bad actors before money is lost to fraud. This will be achieved by allowing card and app limits to be customised at every level, that is, the program level (all card and users of the app), sub-program level (groups of cards or users) and individual level (a single card or user). A practical example of this would be a parent being able to turn off their child's card for use at liquor stores or a client not allowing all of their customers to use their cards with gambling providers.

Clients will also be able to set thresholds for velocity limits such as the number of transactions their customers can make per time period (e.g. days, weeks, months) as well as transaction volume limits (e.g. no transaction can be for a purchase larger than \$5,000).

The Company will also provide clients the ability to block transactions from specific merchant groups (e.g. all gambling providers) down to specific merchant terminals that might be known to commit fraud (e.g. a stolen payments terminal from a café). Clients may also give their customers the opportunity to not allow their card to work on purchases at certain times of the day (e.g. a parent not letting their child's card work between 9pm and 6am).

The Payments Processor will allow clients to offer instant issue cards (e.g. the ability to give cards to their customers on site at a store location) or request virtual cards on demand via an app. Virtual cards are an alternate and sometimes temporary 16-digit card number that allows customers the ability to make online purchases without the need for a physical card. In addition, the Payments Processor will integrate with ApplePay, SamsungPay and AndroidPay to allow clients to pass this functionality onto their customers.

Payments Processor Development Milestones

The Company is targeting achievement of the following development milestones. Achievement of the milestones is dependent on access to adequate funding and should be considered to be indicative only.

Key Hires	Complete
Mastercard Testing	Complete
Mastercard Certification	Complete
Initial PCI Testing	Complete
Friends and Family Testing	Q1 CY2019
PCI Penetration Testing	Q1 CY2019
PCI Certification	Q2 CY2019
Full User Acceptance Testing	Q2 CY2019

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Ready for Customer Integration	Q3 CY2019
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5.3 Divestment process for the Mobile Banking Consumer Business

As previously announced, US investment bankers, BTIG's fintech specialist mergers and acquisitions' group, have been retained to sell the Mobile Banking Consumer Business. Refer the Company's ASX announcement dated 31 October 2018, available at www.asx.com.au (ASX: CCA). At this time the outcome of the BTIG process is uncertain.

The divestment of the Mobile Banking Consumer Business will reduce the Company's overall cash burn. The Mobile Banking Consumer Business is not currently profitable or cash flow positive. Any divestment will reduce the Company's income and overheads and may include the transfer of employees and the sub-lease of office space. There are not expected to be any tax implications for the sale of the Mobile Banking Consumer Business on the basis that the Company expects to be able to rely on previous tax losses to cover any tax charges in the event of a sale.

In the event that no buyers of the business emerge from the BTIG process, the Company's management has the potential opportunity to transfer the clients of the business to one of its existing operating partners and cease operating the Mobile Banking Consumer Business. There will be no cash compensation received under this scenario but after potential payment of staff redundancy costs, it will allow an immediate reduction in ongoing cash burn associated with the business, of ~US\$180,000 per month.

There will no changes to the Company's Board or senior management as a result of the divestment of the Mobile Banking Consumer Business.

The timing, structure and terms of the divestment of the Mobile Banking Consumer Business are subject to change. The Board reserves the right to vary these at its discretion and subject to the prevailing financial circumstances of the Company.

5.4 Monetisation of Ivy Investment

On 11 January 2019, the Company announced that it had monetised its investment in the Ivy Project for cash proceeds of US\$1.5 million.

The terms of the sale agreement entered into by the Company results in the Company selling its 33% equity stake to an American based company, Bazda LLC. In addition, but separate to the sale, the Company will receive a distribution of capital from Ivy Koin LLC.

The Company's divestment of the Ivy Project together with the capital distribution, represent a significant return on investment. Change Financial will retain its direct holding of 130,000,000 Ivy tokens as part of the transaction.

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5.5 Financial position

As at 31 December 2018, the Company had:

- Estimated net assets of US\$1.3 million; and
- Cash balances of US\$0.36 million. The cash balance takes into consideration the initial advance of A\$0.5 million (US\$0.35 million) under the Altor Loan. The balance of the Altor Loan is available to enable it to continue to operate while the Funding Package is approved.
- Proceeds from the sale of the Ivy Investment are expected to be received in the second half of FY2019.

Pending implementation of the Funding Package and any monetisation of assets, cost reduction strategies continue to be a key focus.

As previously mentioned in the Company's annual financial statements, in the absence of a successful capital raising, there continues to be material uncertainty about the Company's ability to continue as a going concern.

5.6 Board

The Board comprises:

Teresa Clarke (Chair)

Teresa Clarke is Harvard Business School (MBA), Harvard Law School (JD) and Harvard University (Economics) Graduate. Ms Clarke had an esteemed 12-year career in investment banking at Goldman Sachs; including performing the role of Managing Director and Vice President.

One of her major contributions was to play a key role in launching the firm's Global Markets Institute. She later moved back into the investment banking division where she led mergers and acquisitions, and corporate finance transactions for Fortune 500 companies in the US and Europe.

Ms Clarke is a California native who now spends her time between New York and South Africa; working on eCommerce website Africa.com, which she Founded in 2010. Ms. Clarke also serves on the board of directors of Cim Financial Services, listed on the Mauritius Stock Exchange with assets of approximately US\$400 million.

Ian Leijer (Executive Director)

Mr Leijer has been closely involved with Change Financial since its inception. Mr Leijer is a Chartered Accountant with over 25 years' experience in financial analysis, corporate transactions, business strategy and business management.

He was CFO and Company Secretary for over 10 years of former ASX listed company Avatar Industries Limited which operated globally in a number of diverse industries including mining services, electronics distribution, fabrication of building products and printing. Mr Leijer started his career with Price Waterhouse specialising in corporate transactions and valuations before joining a boutique investment bank.

Mr Leijer currently works with a number of entities on business analysis, capital raising (debt & equity) and general management. Mr Leijer also holds a Bachelor of Economics from the University of Sydney, Australia.

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Harley Dalton (Non-Executive Director)

Mr Dalton joined the Board on 12 December 2018.

He is the founder and director of Altor Capital, responsible for the day to day management of the business.

Harley has over 20 years' experience in investments and the funds management industry. His key background and capabilities include leadership, strategy, negotiation and operational management. He has been actively involved in taking a number of business to publicly listed status in the Australian share market, providing capital raising, structuring, debt, equity; and board composition advice in this process.

Harley was the founder, director and CEO of Dalton Nicol Reid up to 2014, one of Australia's leading and recognised Australian Equities fund managers. He grew the business from start up to circa AUD \$1 billion in assets under management prior to his exit. Dalton Nicol Reid manages money on behalf of retail, wholesale and institutional clients both domestically and internationally.

Prior to founding Dalton Nicol Reid, Harley worked for Hartley Poynton Stockbroking.

Harley has a Bachelor of Science from Griffith University, a Graduate Diploma in Applied Finance and Investment and is a member of The Australian Institute of Company Directors.

Benjamin Harrison (Non-Executive Director)

Mr Harrison joined the Board on 12 December 2018.

Mr Harrison has over 10 years' experience in advising and investing in companies. He spent 5 years working for a leading mid cap corporate advisory house where he executed capital market and M&A transactions. He is currently involved in the private equity and venture capital sector. Mr Harrison has been involved at board level in a number of investee companies on behalf of investors. His experience extends beyond financing and M&A into; investment, strategy, financial management, corporate restructuring, corporate governance and general management.

Mr Harrison holds a Bachelor of Science and Masters of Applied Finance and Investment.

Ben was previously a director of the Company.

5.7

Management

Ian Leijer (Executive Director)

Ian Leijer is an Executive Director and will continue in this role. His details are set out above.

Clayton Fossett (Chief Operating Officer)

Mr Fossett joined Change Financial in 2014 as COO and is responsible for the operations of the Company, and managing relationships with the Company's key partners including CBKC.

Prior to Change, Mr Fossett spent 10 years with Yahoo! in operations finance with a variety of responsibilities including management reporting across advertising and subscription business units, customer valuation and segmentation, marketing analytics and special projects.

Mr Fossett has previous experience managing the digital strategy group for a web development company, transitioning brick-and-mortar businesses to the web, and managing facility financing and feasibility projects for the Deloitte & Touche LLP Sports & Entertainment consulting practice.

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Mr Fossett holds Master of Business Administration and Bachelor of Arts (Government) degrees from Harvard University.

5.8 Further details

For further details on the Company's activities and operation more generally, please see the Company's website (www.changefinancial.com), or the Company's ASX announcements (ASX: CCA).

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6 Effects of the Funding Package

The proposed Funding Package and any disposal of assets will affect the Company's financial position, capital structure and shareholding structure.

6.1 Pro forma effect on financial position

The financial position of the Company will change materially depending on the extent to which the Funding Package is implemented and by the disposal of any assets.

The following factors are considered to be key to the short-term financial position of the Company and its capacity to continue trading:

- whether Shareholders approve the Note issue and if they do, whether the Tranche 2 Note Issue is drawn down;
- the amount raised under the Entitlement Offer;
- the proceeds from any potential asset monetisation of the Mobile Banking Consumer Business; and
- the level of cash expenditure by the Company.

To demonstrate the potential impact of each of the factors above, the Company has prepared a pro forma balance sheet (**Pro Forma**) to show the impact of adopting various assumptions for those matters. The Pro Forma has been prepared using the 30 June 2018 audited financial statements, adjusted to show the impact of those various factors as if they had occurred as at 30 June 2018.

The Pro Forma financial information is not audited. The Pro Forma should be considered in light of the notes, assumptions and qualifications, which accompany it, as, set out in **Annexure 3** and the notes to the 30 June 2018 Annual Financial Statements.

Importantly, the Pro Forma is not intended to demonstrate what the financial position will be if the transactions are implemented now, as there are a number of other variables which may have a material impact on the Company's financial position. The Pro Forma is presented in an abbreviated form and does not include all of the disclosures required by the Australian Accounting Standards applicable to the Company's annual financial statements.

The Pro Forma base case (**Base Case**) assumes that:

- the Tranche 1 Note Issue proceeds;
- the Company raises A\$0.3 million (US\$0.21 million) via the Entitlement Offer;
- cash expenditure for the 6 months to 31 December 2018 is US\$1.6 million; and
- includes \$1.5 million from the monetisation of the Company's Ivy Investment and no proceeds from potential asset divestments or monetisation from the Mobile Banking Consumer Business.

Based on these and other assumptions and adjustments referred to in **Annexure 3**, the impact on the following metrics are as follows:

	Audited 30 June 2018 (US\$)	Pro Forma Base Case (US\$)
Cash and cash equivalents:	\$1.7 million	\$3.1 million
Current liabilities:	\$0.7 million	\$2.1 million

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Net assets: \$2.3 million \$2.2 million

1. Based on an exchange rate of 0.70 AUD/USD as at 4 January 2019.

6.2 Effect on Operations

The Base Case presented above is expected to provide the Company with approximately 10 months funding which may not be enough to complete the development of the Company's Payments Processor. The Company's continued operations and ability to develop and commercialise the Payments Processor will likely depend on raising further capital. This may be satisfied by the completion of the Tranche 2 Note Issue. Any additional funding raised or received will go towards commercialisation of the Payments Processor.

The Entitlement Offer is not underwritten and as such, the take up under the Entitlement Offer is uncertain at this time. The Entitlement Offer may raise funds between A\$0 and A\$1 million.

Adjusting the Base Case assumptions - if no funds are raised under the Entitlement Offer, with the Tranche 1 Note Issue, the Company expects to have approximately 9 months runway from the date of this notice. If the Entitlement Offer is fully subscribed and A\$1 million is raised from the Entitlement Offer, in addition to the Tranche 1 Note Issue, the Company expects to extend its runway to approximately 12 months from the date of this notice. The Company may seek to raise funds outside of the Funding Package during this time.

Many factors may affect the estimates above, including potential variations in the funding requirements of the Payments Processor Business. Accordingly, the Board reserves the right to vary the estimates above.

6.3 Effect on issued share capital

The effects of the Funding Package on the Company's capital structure will vary depending on the extent to which the Funding Package is implemented, and the price at which, Notes are converted. The following factors are considered to be material in determining the impact on capital structure:

- the number of Shares that Shareholders subscribe for under the Entitlement Offer;
- the number of Notes (if any) issued under the Tranche 2 Note Issue;
- whether Notes are converted (Note: the Notes convert automatically at maturity); and
- the price at which Notes are converted.

	Shares	Options	Convertible Notes
Current Issued Capital	85,635,819	10,650,000	0
Funding Package			
Tranche 1 Note Issue	0	0	20,000,000
Tranche 2 Note Issue ¹	0	0	20,000,000
Altor Options	0	4,000,000	0
Entitlement Offer ²	17,127,164	0	0
Total following Funding Package	102,762,983	14,650,000	40,000,000

Diluted capital

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Shares issued on Tranche 1 Note Issue conversion ³	20,000,000	-	-
Shares issued on Tranche 2 Note Issue conversion ³	20,000,000	-	-
Shares issued on Altor Options' exercise	4,000,000	-	-
Diluted capital position^{4,5}	146,762,983	10,650,000	0

1. Assumes the Tranche 2 Note Issue proceeds in full
2. Assumes Entitlement Offer is fully subscribed at an issue price of A\$0.06 per Share.
3. Excludes Notes issued to set off interest payable under the Altor Loan.
4. Assumes Notes are converted based on a Share price of A\$0.10 per Share.
5. Assumes current issued Options are not exercised (as they are out of the money). See page 58 of the Company's Annual Report for the year ending 30 June 2018 for further details of current issued options, available at www.asx.com.au (ASX: CCA).
6. Assumes interest on the Notes is paid in cash, not converted into Notes.
7. Assumes no other securities are issued by the Company.

The impact of the Note Issue on the Company's share structure cannot be determined with certainty at this time. Sensitivity analyses set out below shows total issued Shares on a diluted basis based on different conversion prices.

Issued Shares following conversion of Notes - sensitivity analysis¹

Conversion price	A\$0.10 (10 cents)	A\$0.05 (5 cents)	A\$0.01 (1 cent)
Notes issued			
Tranche 1 only	126,762,983 Shares	146,762,983 Shares	306,762,983 Shares
Tranche 1 & 2	146,762,983 Shares	186,762,983 Shares	506,762,983 Shares

Assumptions

1. Assumes the Tranche 2 Note Issue proceeds in full
2. Assumes Right Issue is fully subscribed at an issue price of A\$0.06 per Share.
3. Excludes Notes issued to set off interest payable under Altor Loan.
4. Assumes 4,000,000 Altor Options are exercised in full but current issued Options are not exercised (as they are out of the money). See page 58 of the Company's Annual Report for the year ending 30 June 2018 for further details of current issued options, available at www.asx.com.au (ASX: CCA).
5. Assumes interest on the Notes is paid in cash, not converted into Notes. Similarly, excludes Notes issued to set off interest payable under Altor Loan.
6. Assumes no other securities are issued by the Company.

The conversion ratio for the Notes has no floor price and so is not limited to A\$0.01 (1 cent). Accordingly, in an extreme case, it is theoretically possible for the Notes to convert into a number verging on approximately 100% of the Company's issued Share capital.

6.4

Effect on Shareholding structure

The Company currently has two substantial shareholders:

Shareholder	Relevant Interest	% of issued capital
Ashley Shilkin ATF Ashley Shilkin Family Trust	11,901,965 Shares	13.9%
Avatar Industries Pty Ltd	10,231,820 Shares	11.9%

Altor has advised that:

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- it will act as the representative noteholder and security trustee, holding Notes on trust on behalf of Altor Investors in the Change Financial Investment Trust. As such, Altor will be the holder of the Notes which on conversion will represent a substantial holding in the Company.
- Altor and its associates have a 0.4% Relevant Interest in the Company's Shares at the date of this Notice of Meeting.
- a number of Altor Investors may be existing Shareholders, however specific details are not known as at the date of this Notice of Meeting.

Under the terms applying to the Notes, the maximum voting power that any person (or their respective associates) may acquire due to conversion of Notes is 19.99%.

The effects of the Funding Package on the Company's Shareholder structure will vary depending on the extent to which the Funding Package is implemented and whether, and the price at which, Notes are converted. The following factors are considered to be material in determining the impact on the capital structure:

- the number of Shares that Shareholders (including the existing substantial shareholders) subscribe for under the Entitlement Offer;
- the number of Notes (if any) issued;
- whether Notes are converted (note: the Notes convert automatically at maturity);
- the price at which Notes are converted; and
- persons to whom the Notes are transferred prior to conversion.

The impact on the Company's shareholding structure cannot be determined with certainty at this time due to the various factors which may impact it. Sensitivity analyses set out below shows the shareholdings of the existing substantial shareholders and the number of Shares which would be issued to Altor and its investors following conversion of Notes and exercise of the Altor Options on the basis of the assumptions set out below the table.

Conversion price	A\$0.10		A\$0.05		A\$0.01	
	Shares	% total	Shares	% total	Shares	% total
Shares issued on conversion / exercise	44,000,000	30.0%	84,000,000	45.0%	404,000,000	79.7%
A Shilkin holding	14,282,358	9.7%	14,282,358	7.6%	14,282,358	2.8%
Avatar holding	12,278,184	8.4%	12,278,184	6.6%	12,278,184	2.4%
All current Shareholders	76,202,441	51.9%	76,202,441	40.8%	76,202,441	15.0%
Total	146,762,983	100.0%	186,762,983	100.0%	506,762,983	100.0%

Assumptions

- Tranche 2 Note Issue proceeds in full.
- All Notes are converted and Altor Options are exercised.
- The Entitlement Offer is fully subscribed, and Ashley Shilkin and Avatar subscribe for their full entitlements under the Entitlement Offer (priced at A\$0.06 per Share)
- Interest is not converted into Notes. Similarly, excludes Notes issued to set off interest payable under Altor Loan.
- No other securities are issued by the Company.

The conversion ratio for the Notes has no floor price and so is not limited to A\$0.01 (1 cent). Accordingly, in an extreme case, it is theoretically possible for the Altor Notes to convert into a number verging on approximately 100% of the Company's issued Share capital, which would significantly dilute current Shareholders.

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6.5 Impact on Board and management

Mr Ashley Shilkin resigned as a director of the Company effective 12 December 2018.

Under the terms of the Notes and Altor Loan, Altor has the right to nominate two directors to the Company's Board for so long as there is an amount outstanding under the Altor Loan or it holds Notes in the Company.

7 Recommendations

The Directors recommend that Shareholders vote in favour of all Resolutions. Mr Dalton and Mr Harrison make no recommendation given their interest in the Resolutions.

The key reason for voting in favour of the Resolutions is that:

- it provides short term funding for the development of the Payment Processing Business which, if successfully developed, is expected to create value for Shareholders.
- it allows the current divestment process of assets to continue. This will reduce the Company's operating costs and any funds received will also provide funding for the Payment Processing Business.
- it is expected to provide funding within a time frame that allows the company to continue as a going concern.
- it was considered by the Board to have a lower implementation risk and a shorter implementation time period than alternative proposals considered by the Board.

If the Resolutions are not passed, unless alternative funding is available to the Company almost immediately after the EGM, which is considered unlikely, the Company is unlikely to have adequate funds to continue operating the Payment Processing Business or as a going concern.

8 Key risks

The risks set out below should not be taken as an exhaustive list of the risks to which the Company and its Shareholders are exposed. Some can be mitigated through safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated.

Accordingly, there can be no guarantee that the Company will achieve its stated objectives/strategy or that any forward-looking statement will eventuate.

The risks below are based on an assessment of a combination of the probability of the risk occurring and the impact of the risk if it did occur. The assessment is based on the knowledge of the Directors as at the date of this Notice, but there is no guarantee or assurance that the importance of those risks will not change or other risks will not emerge. Additional risks not presently known to the Company, or if known, not considered material, may also have an adverse impact.

If Shareholders are unclear in relation to any matter or are uncertain, they should seek professional guidance from their solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether and how to vote on the Resolutions.

Investment in the Company must be regarded as speculative and neither the Company nor any of its Directors or any other person associated with the preparation of this Notice guarantees that any of Change's objectives will be achieved.

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Solvency risk

8.1 Capacity to continue as a going concern

The Company has limited financial resources, is not cash flow positive and is reliant on raising funds in the immediate term to continue as a going concern.

Risks associated with the Funding Package

8.2 Implementation risks for the Funding Package

Capacity to continue as a going concern

The implementation of the Funding Package is critical in having adequate financial resources to continue trading and finalising the completion of the Payment Processor. If it ceases to have adequate resources, it is likely that the Company will be placed into administration.

Note Issue

The Note Issue remains conditional (see **section 4.4**) and there is no assurance that the conditions to implementation of the Note issue will be satisfied. If the Note Issue does not proceed, this may prejudice the Company's capacity to develop and commercialise the Company's Payments Processor, which may expedite the need for further capital raisings and / or undermine the Company's financial prospects.

If the Resolutions are not passed, unless alternative funding is available to the Company almost immediately after the EGM, which is considered unlikely, the Company is unlikely to have adequate funds to progress to continue operating the Payment Processing Business or as a going concern. Refer to section 9 for consequences if resolutions aren't passed.

Entitlement Offer

The proposed Entitlement Offer is not underwritten and so there is no assurance that the funds sought will be raised under the Entitlement Offer. If the Entitlement Offer does not proceed or raises less than expected, this may prejudice the capacity to implement monetisation processes for assets and reduce the potential funds available to develop and commercialise the Company's Payments Processor, which may expedite the need for further capital raisings and / or undermine the Company's financial prospects.

Proposed divestment of Mobile Banking Consumer Business

The divestment process for the Mobile Banking Consumer Business is still ongoing (see **section 5.3**) and the Directors can give no assurance as to its outcome. If the Mobile Banking Consumer Business divestment realises little or no value, this may reduce the potential funds available to develop and commercialise the Company's Payments Processor, which may expedite the need for further capital raisings and/or undermine the Company's financial prospects.

8.3 Funding of operations

Funding Package may not be sufficient to develop Payments Processor Business

The current Funding Package and / or any proceeds from the monetisation of assets, may not be sufficient working capital to meet the objectives in **section 4.2**, the Company may need to raise additional funds from time to time to finance the development and commercialisation of the Payments' Processing Business and meet its other objectives. The Directors can give no assurance that future funds can be raised by Change on favourable terms, if at all. Failure to obtain additional funding, may cause the Company to postpone any development plans, forfeit rights to some or all of its projects, reduce its operating structures or require the administration or winding up of the Company.

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Longer term funding capacity

Change may never achieve profitability and its ability to raise additional funds will be subject to, among other things, factors beyond the control of the Company and its Directors, including cyclical factors affecting the economy and capital markets.

8.4 **Dilution to Shareholders**

The issue of Notes and Altor Options may significantly dilute the interests of existing Shareholders if they are converted or exercised. Given the terms of the Notes (which convert automatically on maturity) and Altor Options (which have an exercise price of A\$0.01), it is expected that the Notes and Altor Options will be converted and exercised.

Shareholders who do not participate in the Entitlement Offer will also be diluted as a result of the issue of shares under the Entitlement Offer.

The Notes have a variable conversion price which means that if the Share price at the time of conversion falls, the number of shares to be issued to the holders increases, thereby increasing the level of dilution of the interests of existing Shareholders. There is no floor on the conversion price and so in an extreme case, it is theoretically possible for the Notes to convert into a number verging on approximately 100% of the Company's issued Share capital.

8.5 **Restrictive Covenants**

The terms of the Notes contain restrictive covenants that limit the Company's operations and business strategy.

8.6 **New Shareholders may obtain significant stake**

Following the issue of Shares on conversion or exercise of the Notes and Altor Options, those Shareholders may obtain a significant ownership interest in the Company's issued capital. These Shareholders may be in a position to exert significant influence over matters relating to the Company, including the election of Directors and the potential outcome of matters submitted to the vote of Shareholders. There is a risk that the interests of the existing Shareholders may be different from the interests of new Shareholders.

Business risks

8.7 **Existing business risks**

The Company's businesses and the Payments Processing Business is an early stage venture, whose path to market is inherently risky. The Company cannot guarantee its future earnings, does not expect to declare any dividends in the foreseeable future, and cannot provide a guaranteed level of return to investors. The Company continues to be subject to the risks which have previously affected its business and the development of its technology and businesses.

These include:

- Key management personnel and employee risks
- Technology development risks
- Risks of failure to comply with material contracts / arrangements
- Risk as a new market entrant
- Third party integration and dependencies (including Mastercard)
- Competition and improving technology
- Cyber security breaches and fraud related risks
- Technology rights and intellectual property risks

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- Regulatory risks
- Customer liability risks
- General economic risks

8.8

Additional or increased risks due to restructure of operations

Reduced revenue and business diversity

The company is essentially a start-up company in the payments processing space that is heavily reliant on the successful development and marketing of its technology. It has previously had a range of potential applications under development, which provide diversity to its business, and reduces the risks associated with the failure of the development or marketing of its technology. The proposed divestment of the Mobile Banking Consumer Business and the focus solely on the Payments Processing Business decreases diversification and increase the consequences of failure.

Reduced workforce

The company has reduced its workforce and so has a smaller team with a depth of experience in, and knowledge of, its Payments Processing Business and operating environment. The loss of these key management personnel, or any delay in their replacement, may adversely affect the development of the Payments Processor and the performance of the Company.

Market perception and competitor actions

The company's reputation in the payments' processing industry will be closely linked to its reputation as a reliable provider of services to financial institutions. This will also depend on successful development of its technology and the actual or perceived financial viability of the Company.

Given the company's financial vulnerability, highly resourced competitors may engage in aggressive customer acquisition campaigns, which may adversely affect the Company's value proposition, potential market share and profitability.

9

Consequences if the Resolutions are not passed

9.1

Resolution 1.

If Resolution 1 is not approved:

- the Note Issue will not proceed;
- funds drawn under the Altor loan are due and payable within ten (10) business days;
- The financial risk of the company will be significantly increased and there is a real risk that it will no longer be able to continue as a going concern. If the Board forms the view that the company cannot continue as a going concern:
 - The Board would consider the appointment of an Administrator;
 - It is likely a Chapter 7 Trustee would be appointed to wind up ChimpChange LLC; and
 - The investment made to date in the Payments Processor is unlikely to be recovered for value.

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It is unlikely that there would be a return to shareholders in these circumstances.

9.2 Resolution 2

Resolution 2 is a ratification of the issue of the Altor Options. If Shareholders do not ratify the issue of Altor Options under Resolution 2, this will not impact the Altor Options however, the Company's capacity to issue further securities without shareholder approval under ASX Listing Rule 7.1 will be reduced. This may limit the Company's ability to undertake the Tranche 2 Note Issue or another capital raising if the opportunity arose.

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10 Resolution 1 – Approval of Note Issue

10.1 Purpose of approval

Pursuant to the Funding Package, the Company is seeking Shareholder approval for the issue of up to **40,300,000** Notes to Altor under the Note Issue, as well as Notes to reflect interest payable on the Altor Loan for the period prior to the issue of the Notes, in accordance with Listing Rule 7.1.

Under Listing Rule 7.1, a company may not issue new equity securities in excess of an amount equivalent to 15% of its securities within a 12-month period, unless a specified exception applies, or the issue is made with prior shareholder approval (**15% Capacity**).

As no such exemption applies, and the Notes may convert into more than 15% of the Company's issued share capital, in excess of its 15% Capacity, Resolution 1 seeks the approval of Shareholders under Listing Rule 7.1 to permit the Company to undertake the Note Issue. If approved, the Note Issue and Shares issued on conversion will not erode the Company's 15% Capacity.

The Note Issue comprises:

- the issue of 20,000,000 Notes to Altor under the Tranche 1 Note Issue plus Notes to reflect interest payable on the Altor Loan; and
- upon request by the Company and with Altor's agreement, the issue a further 20,000,000 Notes under the Tranche 2 Note Issue.

The Company may be required to seek further Shareholder approval if it undertakes the Tranche 2 Note Issue (in whole or in part) more than three months after the date of the Meeting (or such later date as permitted by an ASX waiver or modification of the Listing Rules) if it does not have sufficient capacity to issue the Notes under its 15% Capacity at the date of issue of those Notes.

Please see **Annexure 1** for a summary of the Notes' terms and the Note Issue.

Altor may convert each Note into Shares at the lower of A\$0.10 per Share and 75% of the Company's 10-day VWAP prior to conversion (subject to adjustment following certain material Share issues).

10.2 Details required by Listing Rules

Maximum number of securities	Up to 40,300,000 Notes (includes up to 300,000 Notes to repay Altor Loan interest). Each Note converts into Shares at the lower of A\$0.10 per Share and 75% of the Company's 10-day VWAP prior to conversion.
Date of issue	<p>Tranche 1: Up to 20,300,000 Notes will be issued pursuant to the Tranche 1 Note Issue on or around 15 February 2019 or such other date as agreed by the Company and Altor, which, in any event, will be no later than three months after the date of Shareholder approval (or such later date as permitted by an ASX waiver or modification of the Listing Rules).</p> <p>Tranche 2: five business days after Altor agrees to issue Tranche 2 Notes following a request by the Company.</p> <p>If any Tranche 2 Notes are issued more than three months after the date of the Meeting (or such later date as permitted by an ASX waiver),</p>

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unless the Company has sufficient capacity to issue the Notes under its ASX LR 7.1 15% Capacity, the issue of Tranche 2 Notes, will be subject to the Company obtaining further Shareholder approval for the issue.

Notes may be converted into Shares at any time prior to the Maturity Date, subject to the terms of the Notes.

<i>Issue price</i>	A\$0.10 per Note, raising up to approximately A\$4 million (US\$2.80 million) (before costs).
<i>Allottees</i>	<p>Altor acting in its own capacity and as trustee on behalf of the Altor Investors. Altor Investors are sophisticated and professional investors within the scope of the disclosure exemptions in sections 708(8) – (11) of the Corporations Act and or investors in foreign jurisdictions to whom similar exemptions apply, none of whom are related parties of the Company.</p> <p>Altor Investors are determined at the discretion of Altor.</p>
<i>Issue terms</i>	<p>Please refer to Annexure 1 for further details regarding the Notes' terms.</p> <p>The Notes are convertible into Shares that will rank equally with all other existing Shares from the time of issue. Following conversion, the Company will apply to ASX for official quotation of the Shares issued on conversion of the Notes.</p>
<i>Use or intended use of funds</i>	Please refer to section 4.2 'Use of funds' for a description of the proposed use of funds.

10.3 Voting exclusion

The Company will disregard any votes cast in favour of Resolution 1 by or on behalf of Altor, Altor's investors, and their nominees, or any person who is expected to obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of Shares), or any of their associates.

However, the Company need not disregard a vote if the vote 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
- as the Chair of the Meeting in accordance with a direction on the Proxy Form to vote as the proxy decides.

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11 Resolution 2 – Ratification of issue of Altor Options

11.1 Purpose of approval

As noted in **section 4.7**, the Company is seeking Shareholder approval to ratify the prior issue of Altor Options to Altor (or its nominees), which were issued as a facility fee for the Altor Loan and Note Issue.

Listing Rule 7.4 allows an issue made by the Company (without shareholder approval) to be treated as having been made with approval for the purposes of Listing Rule 7.1, provided that:

- it is subsequently ratified by Shareholders at a general meeting; and
- the issue did not breach Listing Rule 7.1 at the time it was made.

Approval of this Resolution 2 will refresh the Company's 15% Capacity (to the extent of the issue of the Altor Options) and enable it to raise further capital by issuing equity securities without the delays involved in seeking prior Shareholder approval.

The Board will only undertake further issues of equity securities if they consider it is in the best interests of the Company to do so.

The full terms of the Altor Options are attached at **Annexure 2**.

11.2 Details required by Listing Rules

<i>Securities issued</i>	4,000,000 Options to Altor (or its nominees). Altor (or its nominees) may convert each Option into one Share.
<i>Date of issue</i>	The Altor Options were issued on 11 December 2018. Subject to the fulfilment of certain vesting and other conditions (please see the Altor Options' terms at Annexure 2), Altor (or its nominees) may convert Altor Options into Shares at any time prior to 5pm AEST on 31 December 2020.
<i>Issue price</i>	The Altor Options were issued as a facility fee to Altor (or its nominees) for the Altor Loan and Note Issue. Therefore, Altor (or its nominees) did not pay a cash subscription amount for the issue of the Altor Options.
<i>Allottees</i>	Altor (or its nominees), who was not a related party of the Company.
<i>Issue terms</i>	The Shares to be issued on exercise of the Altor Options will be on the same terms as, and will rank equally with, all other existing Shares, from the time of issue. The Company will apply to ASX for official quotation of the Shares following conversion of the Altor Options (if any). Please see Annexure 2 for the full terms of the Altor Options.
<i>Use or intended use of funds</i>	As the Altor Options were issued for nil cash consideration, no funds were raised from their issue. The maximum amount that could be raised from exercise of all Altor Options is approximately A\$40,000 (US\$28,000). Funds raised from

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exercise of the Altor Options will be used for working capital purposes.

11.3 Voting exclusion

The Company will disregard any votes cast in favour of Resolution 2 by or on behalf of Altor or any of its associates.

However, the Company need not disregard a vote if the vote 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
- as the Chair of the Meeting in accordance with a direction on the Proxy Form to vote as the proxy decides.

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12 Additional Information

12.1 Exchange rate

Figures quoted in US dollars have been converted from Australian dollars (and vice versa as applicable) at a rate of 0.70 AUD/USD as at 4 January 2019.

12.2 Chair voting proxies

The Chair intends to vote undirected proxies in favour of the Resolutions.

12.3 Directors' interests

The Directors, other than Mr Dalton and Mr Harrison, do not have any financial or material interest in the outcome of the Resolutions or other conflicts of interest, other than as a result of their interests arising solely in their capacity as Shareholders and Option holders.

The Directors hold the following Relevant Interests in the Company's Shares and Options as at the date of this Notice of Meeting:

Director	Number of Shares	Number of Options
Mr Ian Leijer	2,872,529	250,000
Mr Harley Dalton	335,196	Nil
Mr Benjamin Harrison	43,668	Nil
Ms Teresa Clarke	Nil	250,000

12.4 Potential ASX waivers

If Shareholders approve Resolution 1, the Company may seek a waiver of Listing Rule 14.7 to extend the period of time within which it may undertake the Tranche 2 Note Issue without seeking further Shareholder approval, which is currently limited to three months after the date of the Meeting pursuant to Listing Rules 7.3.2 and 14.7.

ASX takes no responsibility for the contents of this Notice of Meeting.

12.5 Class Order 2016/82

So that Shares issued on the conversion of the Tranche 1 Notes and interest payable through the issue of Notes in respect of the Altor Loan are freely tradeable, the Company proposes to lodge a cleansing notice (**Cleansing Notice**) with ASX under section 708A(12C)(e) of the Corporations Act (as notionally inserted by ASIC Instrument 2016/82) within two Business Days before the issue of Notes (if approved under Resolution 1).

ASIC Instrument 2016/82, requires that the Company make certain disclosure in relation to the Notes. Certain of the information to be disclosed under ASIC Instrument 2016/82 is set out below:

Rights and liabilities attaching to the Shares issued on conversion of the Notes are the same as those which apply to existing issued Shares in the company. A summary of the rights attaching to Shares is set out in **Annexure 4**.

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The Company is a 'disclosing entity' under the Corporations Act and, as such, is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules.

These obligations require the Company to notify ASX of information about specific events and matters as they arise. In particular, the Company is obliged to continuously disclose to the market immediately any information which a reasonable person would expect to have a material effect on the price or the value of the Shares (subject to a number of carve outs for confidential information under the Listing Rules).

The Company is also required to prepare and lodge with ASIC yearly and half- yearly financial statements, accompanied by a directors' statement and report, and an audit report. Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office.

The Company will provide a copy of each of the following documents, free of charge, to any person on request:

- o the annual financial report of the Company for the financial year ended 30 June 2018 (**2018 Annual Report**), being the most recent annual financial report of the Company lodged with ASIC;
- o any half-year financial report lodged by the Company with ASIC after the lodgement of the 2018 Annual Report and before the lodgement of the Cleansing Notice with ASX; and
- o any continuous disclosure notices used to notify ASX of information relating to the Company in the period from lodgement of the 2018 Annual Report and before lodgement of the Cleansing Notice.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours and are also available on the Company's website at www.changefinancial.com under the 'Investor Centre/ ASX Announcements' section.

The Company has lodged the following announcements with ASX since the lodgement of its 2018 Annual Report on 1 October 2018 (which are also available on the Company's website at www.changefinancial.com under the 'Investor Centre/ ASX Announcements' section).

Date	Description of announcement
01/10/2018	Appendix 4G
01/10/2018	Decision on Ivy Option, Director Resignation, Business Update
02/10/2018	Notification under ASX Listing Rule 4.3D – measurement of intangible assets
10/10/2018	Final Director's Interest Notice - Andrew Pipolo
12/10/2018	Change to Ashley Shilkin remuneration
26/10/2018	2018 Annual General Meeting
31/10/2018	Appendix 4C
31/10/2018	Business Update, Results of Strategic Review and Analysis
28/11/2018	AGM voting results
28/11/2018	Chairman's AGM address
12/12/2018	Change Financial Undertakes Recapitalisation
12/12/2018	Change Financial Investor Presentation
12/12/2018	Appendix 3B
17/12/2018	Appendix 3X – H Dalton
17/12/2018	Appendix 3X – B Harrison
18/12/2018	Appendix 3Z – A Shilkin

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27/12/2018	Change to Indicative Timetable for Entitlement Offer
02/01/2019	Chair Returns to Non-Executive Role
03/01/2019	Notification of expiry of options
07/01/2019	Entitlement Offer Timetable and Appendix 3B
11/01/2019	Change Financial Monetises its Investment in the Ivy Project

A condition of relief provided by ASIC Instrument 2016/82 is that certain ongoing disclosures are included in the Company's annual report during the term of the Notes, including how many Notes can still be converted and Shares issued, the Company's remaining liability to make payments under the Notes, the average conversion price (if any) paid and Shares issued during the previous 12 months. For further details, please refer to s708(12E) of the Corporations Act (as amended by ASIC Instrument 2016/82).

12.6 No Excluded information

As at the date of, and other than as set out in, this Notice of Meeting, there is no information that:

1. has been excluded from a continuous disclosure notice in accordance with the Listing Rules; and
2. is information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - o the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - o the rights and liabilities attaching to the Notes and Shares.

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13 Interpretation

15% Capacity means the Company's capacity to issue equity securities without Shareholder approval under Listing Rule 7.1.

Altor means Altor Capital Management Pty Ltd ACN 616 053 653 as trustee for the Change Financial Investment Trust.

Altor Investors has the meaning provided to that term in **section 4.4**.

Altor Loan has the meaning provided to that term in **section 4.3**.

Altor Options has the meaning provided to that term in **section 4.7**.

ASIC means the Australian Securities and Investments Commission.

ASIC Instrument 2016/82 means *ASIC Corporations (Sale Offers: Securities Issued on Conversion of Notes) Instrument 2016/82*.

ASX means ASX Limited.

Base Case has the meaning provided to that term in **section 6.1**.

BTIG means BTIG, LLC.

Business Day means a day which is not a Saturday, Sunday or bank or public holiday in Brisbane, Australia.

Board means the board of directors of the Company.

CBKC means the Central Bank of Kansas City.

Chairman means the person chairing the General Meeting.

Company means Change Financial Limited ACN 150 762 351.

Corporations Act means the *Corporations Act 2001* (Cth).

Constitution means the constitution of the Company from time to time.

Directors means the directors of the Company.

Explanatory Memorandum means the Explanatory Memorandum accompanying this Notice.

Extraordinary General Meeting or **Meeting** means the Extraordinary General Meeting of the Company to be held on 12 February 2019 at 11.00am.

Event of Default means the events of default of the Notes as set out in **Annexure 1**.

Funding Package has the meaning provided to that term in the **Chair's Letter**.

Ivy Investment means the Company's 33.3% minority investment in Ivy Koin LLC and Ivy Blockchain Pty Ltd.

Listing Rules means the ASX Listing Rules.

Mobile Banking Consumer Business means the Company's ChimpChange mobile banking business.

Notes has the meaning provided to that term in the **Chair's Letter**.

Note Issue has the meaning provided to that term in the **Chair's Letter**.

Notice of Meeting or **Notice** means this notice of meeting.

Option an option to acquire one Share.

Ordinary Resolution means a resolution passed by at least 50% of the votes cast by members entitled to vote on the Resolution.

Payments Processor has the meaning provided to that term in **section 4.1**.

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Payments Processing Business has the meaning provided to that term in **section 4.1**.

Pro Forma has the meaning provided to that term in **section 6.1**

Proxy Form means the proxy form accompanying the Notice.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Resolution means a resolution to be proposed at the Meeting.

Relevant Interest has the meaning provided to that term in the Corporations Act.

Tranche 1 Note Issue has the meaning provided to that term in **section 4.4**.

Tranche 2 Note Issue has the meaning provided to that term in **section 4.4**.

VWAP means the volume weighted average market price of Shares as defined in the Listing Rules.

\$ means Australian dollars unless otherwise specified.]

Any enquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to the Company Secretary on +61 2 8280 7355 or investors@changefinancial.com.

Annexure 1 – Note Issue and Note terms summary

A summary of the rights and liabilities attaching to the Notes and terms of the Note Issue is detailed below. The summary does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of noteholders, Altor or the Company.

Summary of Note terms		
1	Securities offered	Each Note is convertible into Shares, which will be listed on the ASX and rank equally with all other Shares, other than in respect of any dividend or other entitlement for which the record date falls prior to the conversion date.
2	Conditions	There are a number of general conditions to the issue of Notes, including but not limited to: <ul style="list-style-type: none"> • obtaining all necessary approvals/ authorisations, including Shareholder approval for the Tranche 1 Note Issue; • in respect of the Tranche 2 Note Issue, Altor agreeing to subscribe for Notes (in its sole discretion); and • all representations/ warranties given by the Company being true.
3	Currency	Australian dollars.
4	Face value	A\$0.10 per Note.
5	Maturity date	36 months from the date of issue of Tranche 1 Notes.
6	Representative noteholder	Altor will act as the single representative noteholder and security trustee for the Altor Investors and hold notes on their behalf as trustee of the Change Financial Investment Trust. It will make all decisions regarding the Notes (e.g. to convert, redeem, call default etc.) If Altor wishes to transfer the Notes, it must appoint a replacement representative noteholder.
7	Conversion price	The amount outstanding under each Note (including accrued interest) shall convert into Shares at the lower of A\$0.10 per Share (Initial Conversion Price) (subject to adjustment of the conversion ratio as set out below) and 75% of the Company's 10-day VWAP prior to conversion.
8	Interest	The Notes bear interest on their face value from the date of issue at 10% per annum, accruing daily on the basis of a 365-day year, and due quarterly in arrears, in the form of cash and or Notes at a face value of A\$0.10 per Note (at the Company's election). If the Company's does not pay interest on time or an event of default occurs, a default rate of interest of 20% applies from that point until rectification and may be capitalised every 30 days.
9	Conversion	Subject to the restrictions below, the representative noteholder may convert the Notes at any time prior to the maturity date. The Notes will convert within 5 business days of receipt of a conversion notice by the representative holder. All Notes on issue must be converted at the same time. Conversion is not permitted:

Annexure 1 – Note Issue and Note terms summary

		<ul style="list-style-type: none"> in the six months after the Tranche 1 Note Issue if the Company has cash reserves or amounts to be received under binding agreements for asset sales of at least A\$1 million. for 10 business days after Shares in the Company are disposed of by the representative noteholder, an underlying investor in the representative noteholder (including an Altor Investor) or any associate of any of them. where a person will acquire voting power of more than 19.99% in the Company as a result of the conversion of Notes. <p>The Notes will convert automatically on maturity.</p>
10	Early redemption	<p>Notes are redeemable by the Company at any time after the date of issue with the representative noteholder's consent.</p> <p>A make whole fee is payable on redemption, equal to the sum of:</p> <ul style="list-style-type: none"> A\$0.10 per Note; the aggregate of any accrued (but unpaid) interest up to but not including the early redemption date; and 130% of the interest that would have been payable from the early redemption date until the maturity date. <p>As noted above, Notes are not redeemed on maturity but automatically convert.</p>
11	Transfer	<p>Notes may be transferred:</p> <ul style="list-style-type: none"> within the first 12 months of issue, only to sophisticated and professional investors within the scope of the disclosure exemptions in sections 708(8) – (11) of the Corporations Act and or investors in foreign jurisdictions to whom similar exemptions apply; following the initial 12-month period, freely, provided that the transfer does not require disclosure under Part 6D.2 of the Corporations Act; and in whole only.
12	Undertakings	<p>The Company has provided a number of general undertakings to noteholders.</p> <p>Also, Altor will:</p> <ul style="list-style-type: none"> ensure that no person who holds Notes converts them if it would result in a person (or its associates) acquiring more than 19.99% voting power in the Company upon conversion. not and it will endeavour to procure that its associates and Altor Investors who will be transferred Notes or Shares on conversion of Notes do not sell (or short sell) Shares within 30 days prior to conversion.
13	Cleansing notice	<p>So that Shares issued on conversion are freely tradeable, the Company may issue a cleansing notice on the issue of Notes in accordance with ASIC Instrument 2016/82 or otherwise within 30 days of conversion pursuant to s708A(5) of the Corporations Act.</p>

Annexure 1 – Note Issue and Note terms summary

		If the Company is unable to issue a cleansing notice, it will issue a prospectus or other disclosure document as soon as practicable so that Shares issued on conversion are freely tradeable.
14	Events of default	<p>There are a number of events of default that are common for a financing transaction of this nature, including, but not limited to:</p> <ul style="list-style-type: none"> • non-payment of outstanding amounts under the Notes or a transaction document or a failure to perform a material obligation/ undertaking, which is not remedied; • any representation/ warranty by the Company under the Notes or a transaction document is breached; • an insolvency event occurs; • present or future indebtedness over \$100,000 becomes, or may be declared as, due and payable prior to its maturity, and is not paid, or the event giving rise to the indebtedness is not rectified; • enforcement of a security interest against the Company; • incurring non-permitted indebtedness; • circumstances exist that could result in a Material Adverse Effect on the Company (including inability to perform obligations, enforceability of transaction documents, and material adverse effect on business and prospects, financial condition, assets); • a change of control occurs in respect of the Company and or a subsidiary; • the Company's Shares are suspended on ASX; • cross default under a transaction document that has a Material Adverse Effect; and • disposal of a material part of the Company's business (subject to exceptions, e.g. anticipated divestment of Mobile Banking Consumer Business). <p>Notes are not redeemable on event of default.</p>
15	Reserved matters	<p>For so long as Altor holds Notes, certain changes to the Company require its consent:</p> <ul style="list-style-type: none"> • Capital expenditure decisions over A\$200,000 (not unreasonably withheld) unless within the approved budget. • Changes in strategy, except to the extent that variations to strategy are anticipated in the Meeting documents and or approved budget (e.g. divestment of the Mobile Banking Consumer Business). • Reduce the share capital of the Company, or any uncalled liability in respect of it, or any non-distributable reserves. • Negative pledge on future indebtedness, other than in the ordinary course or within the approved budget. • Takes any steps to wind up or liquidate the Company, or

Annexure 1 – Note Issue and Note terms summary

		appoint an external administrator (except where the Directors reasonably consider the Company is insolvent).
16	Warranties	<p>The Company has provided a number of general warranties that are repeated on each date Notes are issued, including no material information withheld from the market, no undisclosed event (or potential event) of default subsisting and there not having been any events that may cause a Material Adverse Effect on the Company (other than as disclosed in due diligence).</p> <p>Altor has also provided a number of general warranties, including that Altor Investors will be professional/ sophisticated investors and not related parties of the Company, and typical trustee warranties.</p>
17	Limited liability	<p>Altor and the Company's liability to the other is capped at the aggregate face value of issued Notes (with no individual claim exceeding A\$40,000). No claim may be brought more than two years after redemption or conversion of the Notes.</p> <p>Altor's liability, as trustee of the Change Financial Investment Trust, is limited to the extent that it can be satisfied out of trust assets (subject to exceptions where it has acted improperly or beyond power).</p>
18	Adjustment of conversion ratio	<p>If the Company reorganises its share capital (e.g. by way of consolidation, subdivision, bonus issue, reduction or return etc) while Notes are on issue, the Initial Conversion Price will be adjusted proportionately at the time of the reorganisation event so that the holder would receive proportionally an equivalent number of Shares post reorganisation event to that which it would have received on conversion but for the event.</p> <p>If the Company issues Shares at a price lower than the Initial Conversion Price, excluding:</p> <ul style="list-style-type: none"> • a reorganisation event (as outlined above); • share issues: <ul style="list-style-type: none"> ○ to Company employees, Board members or consultants (including on the exercise of options); ○ raising in aggregate less than A\$200,000; ○ in which the representative noteholder participates on as favourable terms as other participants and where its interest in the Company represented by Notes (on a diluted basis) is not reduced; or ○ at a price agreed with the representative noteholder to be fair market; or • issues contemplated under the Funding Package (including the Entitlement Offer, conversion of Notes), <p>the Initial Conversion Price will be automatically reduced to be equal to that lower issue price.</p>
19	Board appointment	Altor has the right to appoint two directors to the Company's Board for so long as it holds Notes.

Annexure 1 – Note Issue and Note terms summary

		The Company will put in place appropriate protocols to manage any potential conflicts of interests.
20	Information rights	The Company will provide Altor with any material information related to the Company/ its subsidiaries if reasonably requested.
21	Security	The Notes are secured by a first ranking general security over the Company's present and future assets.
22	ASX Listing	The Convertible Notes will not be quoted on the ASX or any other securities exchange.
23	Governing law	Queensland, Australia.
24	Variation of the Terms of Issue	The Company may only vary the terms of issue with the representative noteholder's consent.

Annexure 2 – Altor Option terms

Terms of Altor Options

Defined terms have the meaning given to them in the Notice of Meeting of the Company dated 14 January 2019, unless otherwise indicated.

1. Vesting

The Company has agreed to issue 4,000,000 Options to the Optionholder.

- (a) 2,000,000 Options vest on Altor providing the initial advance under the Altor Loan.
- (b) The remaining 2,000,000 Options will vest if Shareholders approve the Note Issue under Resolution 1 of the Meeting.

Once vested, the Optionholder may exercise those Options subject to the terms and conditions below. If any Options have not vested by 30 June 2019, they will lapse.

2. Right to subscribe

Each Option gives the Optionholder the right to subscribe for one fully paid ordinary share (**Share**) in the capital of the Company.

3. Exercise Price

The exercise price for each Option is A\$0.01 (**Exercise Price**).

4. Quotation

The Options are unlisted and quotation of the Options will not be sought on the Australian Securities Exchange (**ASX**).

5. Expiry

The Options expire at 5:00pm (AEST) on 31 December 2020 (**Expiry Time**).

6. Transfer

Options may only be transferred as follows:

- (a) within 12 months of their issue date (**Initial Period**) to:
 - (i) sophisticated investors, being investors to whom section 708(8) of the Corporations Act applies;
 - (ii) professional investors, being investors to whom section 708(11) of the Corporations Act applies; or
 - (iii) to investors in a foreign jurisdiction to whom similar exemptions to those set out in **sub-clauses (i) and (ii)** above; and
- (b) following the expiry of the Initial Period, to any person, provided always that the offer or invitation giving rise to the transfer is not an offer or invitation which requires disclosure to investors under Part 6D.2 of the Corporations Act (or similar disclosure in foreign jurisdictions).

Annexure 2 – Altor Option terms

7. Time of exercise

Subject to these terms, and the vesting conditions outlined in **clause 1** above, the Optionholder may exercise some or all Options at any time prior to the Expiry Time.

8. Manner of exercise

- (a) The Optionholder may exercise vested Options:
- (i) in parcels of at least 10,000 Options; and
 - (ii) by forwarding to the Borrower at its registered office, during the hours of 8.30 am to 5.00 pm AEST on a Business Day (**Business Hours**):
 - a. the certificate for those Options;
 - b. an executed notice for the exercise of the Options, specifying the number of Options to be exercised; and
 - c. payment of the Exercise Price for each Option exercised in immediately available funds.
- (b) An exercise notice received outside of Business Hours will be deemed to have been received on the next Business Day.
- (c) Once given, the exercise notice may only be revoked with the consent of the Borrower.

9. Allotment of Shares

- (a) The Company must issue to the Optionholder the Shares to be issued on exercise of an Option within ten Business Days of the date on which a valid notice of exercise was received by the Company; and
- (b) Subject to **clause 9(c)** below, if the Company is listed on ASX at the date of exercise, the Company must, if it is legally able to, provide a notice which complies with the requirements of sections 708A(5)(e) and 708A(6) of the Corporations Act (**Cleansing Notice**) to ASX on the date the Shares referred to in **clause 9(a)** are issued; or
- (c) If the Cleansing Notice for any reason is not effective or if the Company cannot satisfy the requirements in order to give a Cleansing Notice, to ensure that an offer for sale of those Shares does not require disclosure to investors, then:
- (i) the Company must no later than sixty (60) days after the date of issue of those Shares lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of those Shares does not require disclosure to investors; and
 - (ii) the Optionholder undertakes not to sell the relevant Shares in circumstances in which would otherwise require the holder or the Company to issue a disclosure document under the Corporations Act in relation to the sale offer until the requirements of paragraph (i) above have been satisfied.

Annexure 2 – Altor Option terms

10. Ranking of Shares

Shares issued on exercise of an Option are from the date on which the notice of exercise took effect to rank equally with the then issued Shares except as regards dividends or other distributions payable by reference to a record date prior to the date on which the notice of exercise took effect.

11. Quotation of Shares

If admitted to the official list of the ASX at the time of exercise of the Options, the Company shall apply for the quotation of the issued Shares on ASX within ten Business Days of the date on which the notice of exercise was delivered to the Company.

12. Participation in new issues

The Optionholder has no right or entitlement as the holder of an Option, without exercising an Option and being issued Shares on exercise of an Option prior to the record date for the new issue, to participate in new issues of shares offered to the Company's shareholders.

13. Bonus issues

- (a) The Optionholder may not participate in dividends or in bonus issues unless the Options are exercised, and the resultant shares of the Company are issued prior to the record date to determine entitlements to the dividend or bonus issue.
- (b) If there is a bonus issue of Shares, the number of Shares over which an Option is exercisable increases by the number of Shares which the Optionholder would have received if the Option had been exercised before the record date for the bonus issue and without any change to the Exercise Price.

14. Options to be reorganised on reorganisation of capital

In the event of a reorganisation (including, without limitation, consolidation, sub-division, reduction or return) of the capital of the Company, the rights of the holders of Options will be changed (as appropriate) in accordance with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

15. Pro rata issues – exercise price adjustment

If the Company makes a pro-rata issue (other than a bonus issue) to existing shareholders and no Share has been issued in respect of the Options before the record date for determining entitlements to the issue, then the Exercise Price will be changed in the manner permitted by the Listing Rules applying at the time of the pro-rata issue.

Annexure 2 – Altor Option terms

16. Amendment of terms

The terms of the Options shall only be changed if Shareholders (whose votes are not to be disregarded) approve of such a change. However, the terms of the Options shall not be changed to reduce the Exercise Price, increase the number of Options or increasing any period for exercise of the Options.

17. Registered holders

The Company is entitled to treat the Optionholder as the absolute holder of that Option and is not bound to recognise any equitable or other claim to, or interest in, that Option on the part of any person other than the holder, except as ordered by a court of competent jurisdiction or as required by statute.

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Annexure 3 – Pro Forma Base Case

Balance Sheet as at	30-Jun-18	Adjustments				Pro Forma Base Case
	Actual US\$'000	Notes US\$'000	Entitlement Offer US\$'000	CCA cashflow US\$'000	Sale of Ivy US\$'000	US\$'000
Current assets						
Cash	1,666	1,295	220	(1,613)	1,500	3,068
Other receivables	110					110
Other current assets	70					70
Total current assets	1,846	1,295	220	(1,613)	1,500	3,248
Non-current assets						
Property, plant & equipment	86					86
Intangible assets	957					957
Investment in associate	100			250	(350)	-
Total non-current assets	1,143	-	-	250	-	1,043
TOTAL ASSETS	2,989	1,295	220	(1,363)	(1,150)	4,291
Current liabilities						
Trade and other payables	237					237
Provisions	193					193
Other current liabilities	262	1,440				1,662
Total current liabilities	692	1,440	-	-	-	2,092
NET ASSETS	2,297	(105)	220	(1,363)	1,150	2,199
Equity						
Contributed equity	26,607		220	2,429	-	29,256
Reserves	4,148	154		-		4,306
Retained earnings	(28,458)	(259)		(3,792)	1,150	(31,359)
TOTAL EQUITY	2,297	(105)	220	(1,363)	1,150	2,199

The Pro Forma Base Case is based on a number of assumptions:

- The Tranche 1 Note Issue proceeds.
- the Company raises A\$0.3 million (US\$0.21 million) via the Entitlement Offer.
- cash expenditure to 31 December 2018 is US\$1.6 million.
- includes US\$1.5 million from the monetisation of the Company's Ivy Investment and no proceeds from potential asset divestments or monetisation from the Mobile Banking Consumer Business. The proceeds from the Ivy Investment sale are expected to be received in the second half of FY2019.

Annexure 3 – Pro Forma Base Case

Other general assumptions used to develop the Pro Forma, which apply to the sensitivity analyses in **section 6.1**, include:

- Forecast cash out flow to 31 December 2018 assumes the Company's December Quarterly receipts and operating expenditure are in line with the guidance provided by the Company for the September Quarter (see Appendix 4C dated 1 October 2018). It includes cash raised from 11 July 2018 placement ~US\$2.4m and US\$0.25m purchase of an Option to acquire Ivy Koin LLC and Ivy Blockchain Pty Ltd in July 2018.
- Advisor expenses for the Funding Package of A\$370,000. Comprising A\$220,000 value of options issued to Altor (or its nominee) and A\$150,000 in cash expenses.
- Exchange rate of 0.70 AUD/USD as at 4 January 2019.

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Annexure 4 – Rights and Liabilities attaching to Shares

The Shares to be issued to Noteholders on conversion of the Notes will rank equally in all respects with all of the Company's existing Shares. A summary of the rights and liabilities attaching to Shares under the Constitution is detailed below. This summary does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of shareholders, and is qualified by the full terms of the Company's Constitution (a full copy of the Constitution is available from the Company on request). The Constitution is of the kind usually adopted by a public company, with certain provisions taking effect once (and for so long as) the Company is listed on the ASX.

Summary of rights and liabilities attaching to Shares

1	General Meetings	Shareholders are entitled to be present in person, by proxy, attorney or representative to attend and vote at general meetings of the Company, which may be called by Directors or called or requisitioned by Shareholders in accordance with section 249D of the Corporations Act.
2	Voting Rights	At general meeting every member present in person, proxy, or representative has one vote on a show of hands; and upon a poll, every member present in person, or by proxy, attorney or representative has one vote for every fully-paid Share held by the member.
3	Dividends	Dividends may be paid to Shareholders as declared by the Board at its discretion, subject to and in accordance with applicable laws and the Constitution.
4	Future Increase in Capital	The Directors may issue new securities in their absolute discretion subject to and in accordance with applicable laws and the Constitution.
5	Rights on Winding Up	<p>Upon payment of application monies, the Shareholders will have no further liability to make payments to the Company in the event of the Company being wound up.</p> <p>If the Company is wound up, any property that remains after satisfaction of all debts and liabilities of the Company, and the payment of the costs, charges and expenses of winding up, must shall be distributed among the Shareholders in repayment of, and then, in proportion to, their paid-up capital.</p> <p>A liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.</p>
6	Transfer	Generally, Shares are freely transferable, subject to the Corporations Act, Listing Rules and other applicable laws.
7	Sale of Non-Marketable Holdings	The Company may take steps in respect of non-marketable holdings of Shares to affect an orderly sale of those Shares in the event that holders do not take steps to retain their holdings, subject to the Listing Rules.
8	Proportional Takeover Bids	Transfer of Shares under a proportional takeover bid is restricted unless the bid is approved by resolution passed at a general

Annexure 4 – Rights and Liabilities attaching to Shares

		meeting.
9	Variation of rights	<p>At present, the Company's only Shares on issue are ordinary shares. The rights of shares in a class may only be varied by:</p> <ul style="list-style-type: none">• consent in writing of the holders of 75% of issued shares of that class;• or by the passing of a special resolution at a separate meeting of the holders of the issued shares of that class.
10	Alteration of Constitution	The Constitution can only be amended by a special resolution.
11	Directors	Shareholders may vote at a meeting to increase or reduce the number of Directors. Subject to a vote, there must be at least three and no more than nine Directors. The Directors may appoint other Directors, who will hold office until the next annual general meeting, and then shall be eligible for re-election.
12	ASX Listing Rules	To the extent of any inconsistency, the ASX Listing Rules prevail over the Constitution.

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



BY MAIL

Change Financial Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



BY FAX

+61 2 9287 0309



BY HAND

Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138



ALL ENQUIRIES TO

Telephone: +61 1300 554 474



X99999999999

PROXY FORM

I/We being a member(s) of Change Financial Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Extraordinary General Meeting of the Company to be held at **11:00am (Sydney time) on Tuesday, 12 February 2019 at Pitcher Partners, Level 22, MLC Centre, 19 Martin Place, Sydney, NSW, Australia (the Meeting)** and at any postponement or adjournment of the Meeting.

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

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an

Resolutions

	For	Against	Abstain*
1 Approval of Note Issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Ratification of issue of Altor Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



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

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

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STEP 1

STEP 2

STEP 3



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, 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 indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of a corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:00am (Sydney time) on Sunday, 10 February 2019**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MAIL

Change Financial Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

* in business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE EXTRAORDINARY GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**