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**CONNECTED IO LIMITED**  
**ACN 009 076 233**

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

**Annual General Meeting of Shareholders to be held at  
Level 9, 40 St Georges Terrace, Perth WA  
at 9.30am (WST) on Wednesday 27 November 2019.**

**Important**

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

## Notice of Annual General Meeting

Notice is given that an Annual General Meeting of Shareholders of Connected IO Limited ACN 009 076 233 (**Company**) will be held at Level 9, 40 St Georges Terrace, Perth WA 6000 commencing at 9.30am (WST) on Wednesday 27 November 2019.

### Business

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#### Item 1 – Annual Report

To receive and consider the Annual Report of the Company for the year ended 30 June 2019, which includes the Financial Report, the Directors' Report, the Remuneration Report and the Auditor's Report.

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#### Resolution 1 – Adoption of Remuneration Report

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

*“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the year ended 30 June 2019 be adopted.”*

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

<p><b>Voting exclusion statement</b></p>
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<p>The Company will disregard any votes cast on this Resolution:</p>
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| <p>(a) by or on behalf of a member of Key Management Personnel as disclosed in the Remuneration Report;</p> <p>(b) by or on behalf of a Closely Related Party of a member of Key Management Personnel; and</p> <p>(c) as a proxy by a member of Key Management Personnel or a Closely Related Party,</p> |
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<p>unless the vote is cast as proxy for a person entitled to vote in accordance with a direction on the Proxy Form or by the Chairman pursuant to an express authorisation to exercise the proxy.</p>
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#### Resolution 2 – Re-election of Mr Adam Sierakowski as a Director

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

*“That Mr Adam Sierakowski, who was appointed as a Director by the Board on 3 December 2018 who, in accordance with article 6.3(j) of the Company's Constitution holds office until this Annual General Meeting and in accordance with article 6.3(c) of the Company's Constitution retires by rotation, is eligible and offers himself for re-election, is re-elected as a Director.”*

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#### Resolution 3 – Re-election of Mr Davide Bosio as a Director

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

*“That Mr Davide Bosio, who was appointed as a Director by the Board on 12 March 2019 and in accordance with article 6.3(j) of the Company's Constitution holds office until this Annual General Meeting, and who is eligible and offers himself for re-election, is re-elected as a Director.”*

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#### **Resolution 4 – Ratification of issue of Shares in lieu of fees to 708 Capital Pty Ltd**

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

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the prior issue of 43,315,673 Shares at a deemed issue price of \$0.003 to 708 Capital Pty Ltd on the terms and conditions set out in the Explanatory Statement.”*

##### **Voting exclusion statement**

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

However, the Company need not disregard any vote if:

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

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#### **Resolution 5(a) and (b) – Ratification of issue of Shares under Loan Agreements**

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

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the prior issue of:*

*(a) 2,500,000 Shares at a deemed issue price of \$0.003 to 2428 Pty Ltd; and*

*(b) 2,500,000 Shares on a deemed issue price of \$0.003 to Tyche Investments Pty Ltd,*

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

##### **Voting exclusion statement**

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

However, the Company need not disregard any vote if:

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

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#### **Resolution 6 – Approval to issue Shares for Convertible Notes Interest**

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

*“That, for the purpose of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue to Convertible Noteholders up to 80,535,616 Shares for interest under the Convertible Notes on the terms and conditions set out in the Explanatory Statement.”*

##### **Voting exclusion statement**

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

However, the Company need not disregard any vote if:

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

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**Resolutions 7(a), 7(b) and 7(c) – Approval of issue of Securities to Yakov Temov**

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

*“That for the purposes of section 208 of the Corporations Act and Listing Rule 10.11, and for all other purposes, approval is given for the issue Mr Yakov Temov (and/or his nominee):*

- (a) 150 million Shares;*
- (b) 100 million Class A Performance Rights, and*
- (c) 100 million Class B Performance Rights;*

*in accordance with the terms and conditions set out in the Explanatory Statement.”*

The Company will disregard any votes cast in favour of Resolutions 7(a), (b) and (c) by or on behalf of Yakov Temov or any of his associates.

However, the Company need not disregard a vote if:

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

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**Resolution 8(a) and 8(b) – Approval of issue of Shares to Directors in lieu of fees**

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

*“That, for the purposes of section 208 of the Corporations Act and Listing Rule 10.11, and for all other purposes, approval is given for the Company to issue:*

- (a) up to 9,935,333 Shares to Adam Sierakowski (and/or his nominees); and*
- (b) up to 6,500,000 Shares to Davide Bosio (and/or his nominees),*

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

**Voting exclusion statement Resolution 8(a)**

The Company will disregard any votes cast in favour of Resolution 8(a) by or on behalf of Adam Sierakowski or any of his associates.

However, the Company need not disregard a vote if:

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

**Voting exclusion statement Resolution 8(b)**

The Company will disregard any votes cast in favour of Resolution 8(b) by or on behalf of Davide Bosio or any of his associates.

However, the Company need not disregard a vote if:

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

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**Resolution 9 – Approval of 10% Placement Facility**

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

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

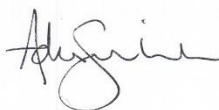
**Voting exclusion statement**

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

However, the Company need not disregard any vote if:

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

**By Order of the Board**



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Adam Sierakowski  
Chairman  
Connected IO Limited  
11 October 2019

# EXPLANATORY STATEMENT

## Important Information

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Annual General Meeting to be held at Level 9, 40 St Georges Terrace, Perth WA 6000, commencing at 9.30am (WST) on Wednesday 27 November 2019.

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

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

## 1 Proxies

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Please note that:

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

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

Members of Key Management Personnel and their Closely Related Parties will not be able to vote as proxy on Resolutions 1, 7(a) - (c), 8(a) and 8(b) unless the Shareholder directs them how to vote or, in the case of the Chair, unless the Shareholder expressly authorises him to do so. If a Shareholder intends to appoint a member of Key Management Personnel or their Closely Related Parties (other than the Chair) as its proxy, the Shareholder should ensure that it directs the proxy how to vote on Resolutions 1, 7(a) - (c), 8(a) and 8(b).

If a Shareholder intends to appoint the Chair as its proxy on Resolutions 1, 7(a) - (c), 8(a) and 8(b), the Shareholder can direct the Chair how to vote by marking one of the boxes for those Resolutions (for example, if the Shareholder wishes to vote 'for', 'against' or to 'abstain' from voting). If a Shareholder does not direct the Chair how to vote, the Shareholder can expressly authorise the Chair to vote as the Chair thinks fit on Resolutions 1, 7(a) - (c), 8(a) and 8(b) even though those Resolutions are connected to the remuneration of members of Key Management Personnel and even if the Chair has an interest in the outcome of those Resolutions.

## 2 Voting entitlements

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In accordance with Regulations 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth), the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the register of Shareholders as at 7.00pm (AEST) on 25 November 2019. Accordingly, transactions registered after that time will be disregarded in determining Shareholders' entitlements to attend and vote at the Annual General Meeting.

## 3 Item 1 – Annual Report

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The Annual Report, comprising the Financial Report, the Directors' Report, the Remuneration Report and the Auditor's Report for the year ended 30 June 2019, will be laid before the Annual General Meeting.

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

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

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

The Company's Annual Report is available on the Company's website at [www.connectedio.com.au](http://www.connectedio.com.au).

## 4 Resolution 1 – Adoption of Remuneration Report

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The Remuneration Report of the Company for the financial year ended 30 June 2019 is included in the Directors' Report in the Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company.

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

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

If at least 25% of the votes on Resolution 1 are voted against the adoption of the Remuneration Report at the Annual General Meeting, and then again at the Company's 2020 annual general meeting, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting (**Spill Meeting**) to consider the appointment of the Directors (**Spill Resolution**).

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the Spill Meeting within 90 days of the Company's 2020 annual general meeting. All of the Directors who are in office when the Company's 2020 Directors' Report is approved, other

than the Managing Director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the directors of the Company.

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

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## **Resolutions 2 and 3 – Re-election of Adam Sierakowski and Davide Bosio as Directors**

Article 6.2(b) of the Constitution allows the Directors to appoint at any time a person to be a Director to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Article 6.3(j) of the Constitution also provides that a Director appointed under article 6.2(b) of the Constitution will hold office until the next following annual general meeting and is then eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

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

Accordingly, Mr Adam Sierakowski (appointed 3 December 2018) retires in accordance with articles 6.3(c) and 6.3(j) and being eligible for re-election, offers himself for re-election at the Annual General Meeting.

In addition, Mr Davide Bosio (appointed 12 March 2019) retires in accordance with article 6.3(j) and being eligible for re-election, offers himself for re-election at the Annual General Meeting.

Mr Sierakowski is a lawyer and a founding director of the legal firm Price Sierakowski. He has over 20 years of experience in legal practice, much of which he has spent as a corporate lawyer consulting and advising on a range of transactions to a variety of large private and listed entities. Mr Sierakowski is also a co-founder and director of Perth based corporate advisory business, Trident Capital, where for 15 years he has advised a variety of large private and public companies on structuring their transactions and coordinating fundraisings both domestically and overseas. Mr Sierakowski has held a number of directorships with ASX-listed companies, and he is a member of the Australian Institute of Company Directors and the Association of Mining and Exploration Companies.

Mr Bosio is a Corporate Adviser specialising in offering corporate services and strategic advice to private and public organisations, specifically in relation to capital raisings and M&A advice. He has over 17 years experience in the finance industry as an Investment Adviser, Responsible Manager, and through various Executive and Non-Executive Director Roles. Mr Bosio is the WA State Manager and Director of Corporate Finance of Shaw and Partners, having previously held the position of Managing Director, Chief Executive Officer and Head of Corporate Finance of DJ Carmichael. Mr Bosio is a Fellow member of the Financial Services Institute of Australia (Finsia) and a Graduate Member of the Australian Institute of Company Directors (GAICD). Davide holds a Bachelor of Commerce (Marketing) degree and a Graduate Diploma in Applied Finance and Investment.

The Directors (excluding Mr Sierakowski) unanimously recommend that Shareholders vote in favour of Resolution 2.

The Directors (excluding Mr Bosio) unanimously recommend that Shareholders vote in favour of Resolution 3.

Resolutions 2 and 3 are ordinary resolutions.



## **6 Resolution 4 - Ratification of issue of Shares in lieu of fees to 708 Capital Pty Ltd**

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### **6.1 Background**

In August 2018, the Company undertook a non-renounceable, pro rata entitlement offer to raise a total of approximately \$2,130,999 (before costs) pursuant to the Company's prospectus dated 24 August 2018 (**Rights Issue**). The Company also completed a placement to raise \$399,562 (before costs) (**Placement**).

The Rights Issue was fully underwritten by 708 Capital Pty Ltd (**708 Capital**). To assist the Company with maintaining a sufficient level of cash reserves to be directed towards its stated use of funds under the Rights Issue, the Company agreed to issue to 708 Capital 36,633,643 Shares, at an issue price of \$0.003 each in lieu of underwriting fees totaling \$109,900.93; and 6,682,030 Shares, at an issue price of \$0.003 each in lieu of placement fees totaling \$20,046.09.

The Company issued the Shares on 20 December 2018 using its placement capacity under Listing Rule 7.1. The Company is seeking Shareholder approval to ratify the prior issue of 43,315,673 Shares to 708 Capital in accordance with Listing Rule 7.4.

### **6.2 Listing Rule 7.4**

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

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

Resolution 4 proposes the ratification of the issue of 43,315,673 Shares for the purpose of satisfying the requirements of Listing Rule 7.4. If Resolution 4 is approved, the Shares will not be included in the Company's 15% calculation for the purposes of Listing Rule 7.1.

As required by Listing Rule 7.5, the following information is provided in relation to Resolution 4.

(a) **Number of securities issued**

43,315,673 Shares.

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

The Shares were issued for nil cash consideration at a deemed issue price of \$0.003 per share.

(c) **Terms of the securities**

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

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

The Shares were issued to 708 Capital who is not a related party of the Company.

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

No funds were raised under the issue with the Shares issued in lieu of fees owing under the Placement and Rights Issue.

### **6.3 Directors' recommendations**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4.

## **7 Resolutions 5(a) and 5(b) – Ratification of issue of Shares under Loan Agreements**

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### **7.1 Background**

On 16 July 2018 and 20 September 2018, the Company entered into two separate loan agreements with Tyche Investments Pty Ltd and 2428 Pty Ltd respectively (**Loan Agreements**). Under the Loan Agreements the Company was provided with short-term financing facilities to the value of \$201,000, to be repaid within 2 months of being provided. No interest was payable by the Company under the Loan Agreements. Under the Loan Agreements, the Company agreed to issue 2,500,000 Shares each to both Tyche Investments Pty Ltd and 2428 Pty Ltd as consideration for the short-term financing facilities.

The Company issued the Shares on 20 December 2018 using its placement capacity under Listing Rule 7.1. The Company is seeking Shareholder approval to ratify the prior issue of 2,500,000 Shares to Tyche Investments Pty Ltd and 2,500,000 Shares to 2428 Pty Ltd in accordance with Listing Rule 7.4.

### **7.2 Listing Rule 7.4**

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

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

Resolutions 5(a) and 5(b) proposes the ratification of the issue of 5,000,000 Shares under the Placement for the purpose of satisfying the requirements of Listing Rule 7.4. If Resolutions 5(a) and 5(b) are approved, the Shares will not be included in the Company's 15% calculation for the purposes of Listing Rule 7.1.

As required by Listing Rule 7.5, the following information is provided in relation to Resolutions 5(a) and 5(b).

(a) **Number of securities issued**

- (i) Resolution 5(a) - 2,500,000 Shares to 2428 Pty Ltd
- (ii) Resolution 5(b) - 2,500,000 Shares to Tyche Investments Pty Ltd

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

The Shares were issued for nil cash consideration.

(c) **Terms of the securities**

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

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

- (i) Resolution 5(a) - 2,500,000 Shares to 2428 Pty Ltd
- (ii) Resolution 5(b) - 2,500,000 Shares to Tyche Investments Pty Ltd

These parties are not related parties of the Company.

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

No funds were raised in relation to the issue of the Shares.

### 7.3 Directors' recommendations

The Directors unanimously recommend that Shareholders vote in favour of Resolutions 5(a) and 5(b).

## 8 Resolution 6 – Approval to issue Shares for interest under Convertible Notes

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### 8.1 Background

Shareholder approval is sought for the issue of Shares to Convertible Noteholders in respect of interest payments pursuant to the Convertible Notes issued by the Company on 28 February 2019, as approved by Shareholders at the Company's 2018 Annual General Meeting.

Under the terms of the Convertible Note interest is payable at a rate of 9% per annum on each 6 month anniversary after the issue date of the Convertible Notes. Interest is to be paid in cash or shares (at a conversion price of \$0.003) at the election of the Convertible Noteholders. None of the Convertible Noteholders are related parties of the Company.

The Convertible Noteholders agreed to extend their facility for a further 12 month period to 30 June 2020.

Accordingly, the Company seeks shareholder approval to issue Shares to the Convertible Noteholders in the event the Convertible Noteholders elect to convert outstanding interest to Shares prior to the extended maturity date of 30 June 2020.

### 8.2 Listing Rules

Listing Rule 7.1 provides that (subject to certain exceptions, none of which are relevant here) prior approval of shareholders is required for an issue of equity securities by a company if the securities will, when aggregated with the securities issued by the company during the previous 12 months, exceed 15% of the number of the ordinary securities on issue at the commencement of that 12 month period. Convertible Notes are considered equity securities for the purposes of the Listing Rules.

Listing Rule 7.3 requires that the following information be provided to the Shareholders in relation to obtaining approval of Resolution 6 for the purposes of Listing Rule 7.1:

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

The maximum numbers of Shares to be issued by the Company under Resolution 6 is 80,535,616 Shares for the accrued interest to 30 June 2020 of \$241,606.85.

If all the accrued interest to 30 June 2020 is converted into Shares, based on the current issued capital of the Company, be diluted by approximately 4.22%.

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

As announced on 9 October 2019, the Company has been granted a waiver from ASX from Listing Rule 7.3.2 to allow the Company to issue the Shares on a date later than three (3) months after the date of the Meeting, but no later than 31 July 2020. The Shares will be issued progressively on the receipt of a Conversion Notice from the Convertible Noteholder on or before 31 July 2020.

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

Shares issued upon the conversion of Convertible Note Interest will be issued at a deemed issue price of \$0.003 per Share.

(d) **Terms of the securities**

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

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

The Shares will be issued to the Convertible Noteholders who elect to have accrued interest payable in Shares. None of the Convertible Noteholders are related parties of the Company.

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

No funds will be raised through the issue of Shares on conversion of the Convertible Note Interest under Resolution 6.

## **9 Resolutions 7(a), 7(b) and 7(c) – Proposed issue of Securities to Yakov Temov**

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Resolutions 7(a), 7(b) and 7(c) seek Shareholder approval to issue 150 million Shares, 100 million Class A Performance Rights and 100 million Class B Performance Rights (together, “**the Performance Rights**”) to Mr Yakov Temov (and/or his nominee). Approval is sought pursuant to section 208 of the Corporations Act and Listing Rule 10.11.

### **9.1 Background**

The Shares and Performance Rights contemplated by Resolutions 7(a), 7(b) and 7(c) will be issued to Mr Temov to align the long-term goals of Shareholders with Mr Temov and to establish an incentive for him to provide ongoing dedicated services to the Company. These Shares and Performance Rights are intended to provide remuneration to Mr Temov that is linked to the performance of the Company.

In deciding on the quantum of Shares and Performance Rights to be issued to Mr Temov, the Board considered the current share price, the performance period and performance hurdles as outlined below.

The Shares are to be issued in recognition of Mr Temov’s efforts in increasing company revenues over the last 12 months and compensation for his discounted salary which was reduced during the 2019 financial year to preserve the Company’s cash reserves. The Shares will be voluntarily escrowed for a 12 months period from the date of issue.

The Class A Performance Rights will convert into a fully paid ordinary share in the capital of the Company upon the Company and its subsidiaries achieving aggregate gross revenue of greater than AUD\$4m during any calendar year ending on or before 31 December 2022 and the continued engagement as Managing Director for a 12 month period following satisfaction of the Class A milestone.

The Class B Performance Rights will convert into a fully paid ordinary share in the capital of the Company upon the Company and its subsidiaries achieving aggregate gross revenue of greater than AUD\$8m during any calendar year ending on or before 31 December 2022 and the continued engagement as Managing Director for a 12 month period following satisfaction of the Class B milestone.

Mr Temov currently receives Directors fees of USD120,000 per annum. Based on this and given the Company's circumstances and having regard to the performance hurdles on vesting of the Performance Rights the Board considers that the allocation of the Shares and Performance Rights is reasonable and appropriate.

No consideration is payable for the Shares and Performance Rights, or upon issue of shares upon satisfaction of the vesting conditions associated with the Performance Rights. Subject to the satisfaction of the vesting conditions described below, Mr Temov will receive one share in the Company for each Performance Right granted.

Under the Company’s current circumstances, the Directors consider that the incentive noted above, represented by the issue of Shares and Performance Rights, is a cost effective and efficient reward and incentive to provide Mr Temov, as opposed to alternative forms of incentive such as the payment of cash compensation only. In addition, the Directors consider it prudent to

remunerate Mr Temov by way of Shares and Performance Rights so as to preserve the cash reserves of the Company.

The Company proposes that there will be the issue of Shares and two tranches of Performance Rights. The terms and conditions of the securities to be granted to Mr Temov (and/or his nominee) are set out below.

## 9.2 Section 208 of the Corporations Act

Section 208 of the Corporations Act states that a public company cannot give a “financial benefit” (including an issue of shares and options) to a “related party” of the Company unless one of the exceptions set out in section 210 to 216 of the Corporations Act apply, or the holders of ordinary securities have approved the giving of the financial benefit to the related party in a general meeting.

Mr Temov is a related party of the Company within the meaning specified under section 228 of the Corporations Act. Further, the provision of the Shares and Performance Rights constitutes a financial benefit within the meaning of section 229 of the Corporations Act. Accordingly, Shareholder approval is sought under section 208 of the Corporations Act to permit the issue of the Shares and Performance Rights on the terms set out in Resolutions 7(a), 7(b) and 7(c) to Mr Temov (and/or his nominee) as a related party of the Company.

As required by section 219 of the Corporations Act, the following information is provided in relation to Resolutions 7(a), 7(b) and 7(c):

(a) **Related party to whom the financial benefit is to be given**

Mr Yakov Temov (and/or his nominee).

(b) **Nature of the financial benefit**

The number of securities proposed to be issued to Yakov Temov (and/or his nominee) is as follows:

- (i) 150 million Shares;
- (ii) 100 million Class A Performance Rights; and
- (iii) 100 million Class B Performance Rights.

(c) **Valuation of the financial benefit**

- (i) The Shares to be issued will be escrowed for a period of 12 months from the date of issue.
- (ii) Each Class A Performance Rights will convert into a fully paid ordinary share in the capital of the Company upon the Company and its subsidiaries achieving aggregate gross revenue of greater than AUD\$4m during any calendar year ending on or before 31 December 2022, and the continued engagement as Managing Director for a 12 month period following satisfaction of the Class A milestone.
- (iii) Each Class B Performance Rights will convert into a fully paid ordinary share in the capital of the Company upon the Company and its subsidiaries achieving aggregate gross revenue of greater than AUD\$8m during any calendar year ending on or before 31 December 2022, and the continued engagement as Managing Director for a 12 month period following satisfaction of the Class B milestone.

Based on the Share price (being the closing price of \$0.004 on 10 October 2019), the indicative maximum value of the financial benefit to be given to Mr Temov (and/or its nominees) is \$600,000 for the Shares to be issued pursuant to Resolution 7(a), \$400,000 for the Class A Performance Rights to be issued under Resolution 7(b) and \$400,000 for the Class B Performance Rights to be issued under Resolution 7(c).

The value of the benefit of the Shares issued will depend on the price at which the Shares trade on the ASX from time to time.

(d) **Current remuneration and Relevant Interests**

Mr Temov's current annualised remuneration is USD120,000. His interests (both direct and interest) in the Company as at the date of the Notice of Meeting are outlined below:

Director	Shares		Options
	Ordinary Shares	Performance Shares	Incentive Options
Mr Yakov Temov	86,433,333	51,825,000 <sup>1</sup>	-

<sup>1</sup> 34,550,000 Class A Performance Shares and 17,275,000 Class B Performance Shares were issued to Mr Temov as part of the consideration under the Vendor Offer for the acquisition of the Connected Group. However, as the milestones were not satisfied, the performance shares will be cancelled on 15 March 2020, being the date 4 years from being readmitted to quotation.

(e) **Terms of the securities**

The Shares to be issued under Resolution 7(a) will be voluntarily escrowed for a period of 12 months from the date of issue and will rank equally in all respects with existing Shares on issue.

The key terms of the Class A Performance Rights and Class B Performance Rights to be issued under Resolutions 7(b) and 7(c) are set out in the following table:

Performance Rights	Class A	Class B
Amount payable on grant	Nil	Nil
Grant date	27 November 2019	27 November 2019
Vesting date	12 months after satisfaction of Class A Performance Milestone, subject to continuing engagement as Managing Director	12 months after satisfaction of Class B Performance Milestone, subject to continuing engagement as Managing Director
Expiry date	31 Dec 2023	31 Dec 2023
Exercise price	Nil	Nil
Performance Milestone	Company and its subsidiaries achieving aggregate gross revenue of greater than AUD\$4m during any calendar year ending on or before 31 December 2022	Company and its subsidiaries achieving aggregate gross revenue of greater AUD\$8m during any calendar year ending on or before 31 December 2022
Conversion	On satisfaction of Class A Performance Milestone and completion of vesting period	On satisfaction of Class B Performance Milestone and completion of vesting period
Transfer	The Rights are strictly not transferrable.	The Rights are strictly not transferrable.

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Performance Rights	Class A	Class B
Shares delivered on conversion	1 Share per Class A Performance Right.	1 Share per Class B Performance Right.

(f) **Dilution**

If all of the Shares and Performance Rights under Resolutions 7(a), 7(b) and 7(c) were exercised, and no other Shares were issued by the Company (including pursuant to Resolution 9), the shareholding of existing Shareholders would, based on the current issued capital of the Company, be diluted by approximately 16.1%.

(g) **Opportunity costs to the Company**

The Directors do not consider that there are any opportunity costs to the Company or benefits foregone by the Company in granting the Shares and Performance Rights.

(h) **Funds raised**

No funds will be raised from the issue of the Shares and Performance Rights.

(i) **Directors' interests**

Mr Yakov Temov, as a recipient of the Shares and Performance Rights, has a material personal interest in the outcome of Resolutions 7(a), 7(b) and 7(c).

(j) **Directors' recommendation**

The Directors (excluding Mr Temov) unanimously recommend that Shareholders vote in favour of Resolutions 7(a), 7(b) and 7(c).

(k) **Other information**

Other than as set out in this Explanatory Statement, there is no further information which the Shareholders would reasonably require in order to decide whether or not it is in the Company's best interests to pass Resolutions 7(a), 7(b) and 7(c).

**9.3 ASX Listing Rule 10.11**

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

As set out above, Yakov Temov is a related party of the Company for the purposes of section 228 of the Corporations Act. Accordingly, Shareholder approval is sought under Listing Rule 10.11 to permit the issue of Shares and Performance Rights to him.

Resolutions 7(a), 7(b) and 7(c) seeks approval for the issue of up to 150 million Shares and 200 million Performance Rights to Yakov Temov for the purpose of satisfying the requirements of Listing Rule 10.11. If Resolutions 7(a), 7(b) and 7(c) is approved, the Shares and Performance Rights issued will not affect the capacity of the Company to issue securities in the next 12 months under Listing Rule 7.1 as those securities, once issued, will be excluded from the calculations under Listing Rule 7.1.

For the purposes of Listing Rule 10.13, the following information is provided to Shareholders in relation to Resolution:

(a) **Name of the person**

Mr Yakov Temov

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

The maximum number of securities that may be issued is as follows:

- (i) Resolution 7(a) - 150 million Shares;
- (ii) Resolution 7(b) - 100 million Class A Performance Rights; and
- (iii) Resolution 7(c) - 100 million Class B Performance Rights.

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

The Shares and Performance Rights to be issued to Mr Temov will be issued shortly after the Meeting. In any event, however, no Shares or Performance Rights will be issued to Mr Temov (and/or his nominees) later than 1 month after the Meeting or such longer period as permitted by ASX.

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

The Shares to be issued pursuant to Resolution 7(a) and Performance Rights to be issued pursuant to Resolutions 7(b) and 7(c) will be issued for nil cash consideration.

(e) **Terms of the issue**

- (i) Resolution 7(a) - The Shares issued rank equally in all respects with existing Shares on issue.
- (ii) Resolutions 7(b) and (c) – The full terms of the Performance Rights are set out in Annexure A.

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

No funds will be raised through the issue of the Shares and Performance Rights.

(g) **The terms of any loan in relation to the acquisition**

No loan will be made to Mr Temov in connection with the acquisition of the Shares and Performance Rights.

**10 Resolution 8(a) and 8(b) – Approval of issue of Shares to Directors**

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Resolutions 8(a) and 8(b) are ordinary resolutions which seek Shareholder approval to enable the Company issue up to 9,935,333 Shares at a deemed issue price of \$0.003 per share to Adam Sierakowski and up to 6,500,000 Shares at a deemed issue price of \$0.003 per share to Davide Bosio (and/or their nominees) at an issue price of \$0.003 in lieu of Director fees owed by the Company up to 30 September 2019.

**10.1 Section 208 of the Corporations Act**

As noted above, Section 208 of the Corporations Act states that a public company cannot give a “financial benefit” (including an issue of shares and options) to a “related party” of the Company unless one of the exceptions set out in section 210 to 216 of the Corporations Act apply, or the holders of ordinary securities have approved the giving of the financial benefit to the related party in a general meeting.

Adam Sierakowski and Davide Bosio are related parties of the Company within the meaning specified under section 228 of the Corporations Act. Further, the provision of the Shares constitutes a financial benefit within the meaning of section 229 of the Corporations Act. Accordingly, Shareholder approval is sought under section 208 of the Corporations Act to permit the issue of the Shares on the terms set out in Resolutions 8(a) and 8(b) to Adam Sierakowski and Davide Bosio (and/or their nominees) as related parties of the Company.



As required by section 219 of the Corporations Act, the following information is provided in relation to Resolution 8(a) and 8(b):

(a) **Related party to whom the financial benefit is to be given**

Mr Adam Sierakowski and Mr Davide Bosio (and/or their nominee).

(b) **Nature of the financial benefit**

The number of Shares proposed to be issued to each Director (and/or its nominees) is as follows:

Recipient	Shares
Adam Sierakowski	9,935,333
Davide Bosio	6,500,000
<b>Total</b>	<b>16,435,333</b>

(c) **Valuation of the financial benefit**

The valuation of the financial benefit is as follows:

Recipient	Valuation of Financial Benefit
Adam Sierakowski	\$39,741
Davide Bosio	\$26,000
<b>Total</b>	<b>\$65,741</b>

(d) **Current remuneration and Relevant Interests**

The current annualised remuneration for each of Adam Sierakowski and Davide Bosio is \$36,000. Their interests (both direct and interest) in the Company as at the date of the Notice of Meeting are outlined below:

Director	Shares		Options
	Ordinary Shares	Performance Shares	Incentive Options
Adam Sierakowski	46,516,267	-	-
Davide Bosio	-	-	-

(e) **Dilution**

If all of the Shares under Resolutions 8(a) and 8(b) are issued, and no other Shares were issued by the Company (including pursuant to Resolutions 6, 7(a), 7(b), 7(c) and 9), the shareholding of existing Shareholders would, based on the current issued capital of the Company, be diluted by approximately 0.89%.

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(f) **Opportunity costs to the Company**

The Directors do not consider that there are any opportunity costs to the Company or benefits foregone by the Company in issuing the Shares.

(g) **Funds raised**

No funds will be raised from the issue of the Shares.

(h) **Directors' interests**

Adam Sierakowski and Davide Bosio, as recipients of the Shares, have a material personal interest in the outcome of the Resolution that applies specifically to them.

Neither Director has a material personal interest in the outcome of Resolutions 8(a) and 8(b) other than in respect of the proposed issue of Shares to him or his nominee.

(i) **Directors' recommendation**

Mr Temov recommends that Shareholders vote in favour of Resolutions 8(a) and 8(b). Resolutions 8(a) and 8(b) are ordinary resolutions.

(j) **Other information**

Other than as set out in this Explanatory Statement, there is no further information which the Shareholders would reasonably require in order to decide whether or not it is in the Company's best interests to pass Resolutions 8(a) and 8(b).

**Listing Rule 10.11**

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

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

Resolutions 8(a) and 8(b) seek approval for the issue of up to 9,935,333 Shares to Adam Sierakowski and up to 6,500,000 Shares to Davide Bosio for the purpose of satisfying the requirements of Listing Rule 10.11. If Resolutions 8(a) and 8(b) are approved, the Shares issued will not affect the capacity of the Company to issue securities in the next 12 months under Listing Rule 7.1 as those securities, once issued, will be excluded from the calculations under Listing Rule 7.1.

For the purposes of Listing Rule 10.13, the following information is provided to Shareholders in relation to Resolutions 8(a) and 8(b):

(a) **Name of the person**

Adam Sierakowski and Davide Bosio (and/or their nominees).

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

The maximum number of securities that may be issued pursuant to Resolutions 8(a) and 8(b) is as follows:

Recipient	Shares	Outstanding Director Fees
Adam Sierakowski	9,935,333	\$29,806
Davide Bosio	6,500,000	\$19,500
<b>Total</b>	<b>16,435,333</b>	<b>\$49,306</b>

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

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

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

The Shares to be issued under Resolutions 8(a) and 8(b) will be issued at a deemed issue price of \$0.003 per Share.

(e) **Terms of the issue**

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

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

As the Shares are being issued to Mr Sierakowski and Mr Bosio in lieu of outstanding Director fees payable by the Company, there will be no funds raised through the issue of Shares under Resolutions 8(a) and 8(b).

## **11 Resolution 9 - Approval of 10% Placement Facility**

### **11.1 General**

Listing Rule 7.1A enables eligible entities to issue Equity Securities totaling up to 10% of its issued share capital through placements over a 12 month period after the entity's annual general meeting (10% Placement Facility). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity. The Company currently has a market capitalisation of \$7.29 million based on a share price of \$0.004, being the closing price of Shares on the ASX on 9 October 2019.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility. As Resolution 9 is a special resolution, at least 75% of the votes cast on the Resolution must be in favour in order for it to be passed.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2.

The Board believes that Resolution 9 is in the best interests of the Company and unanimously recommends that Shareholders vote in favour of this Resolution.

### **11.2 Description of Listing Rule 7.1A**

(a) **Shareholder approval**

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

(b) **Equity Securities**

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

As at the date of this Notice of Annual General Meeting, the only quoted Equity Securities that the Company has on issue is 1,824,480,057 Shares.

(c) **Formula for calculating 10% Placement Facility**

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

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

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

(A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;

(B) plus the number of partly paid shares that became fully paid in the 12 months;

(C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;

(D) less the number of fully paid shares cancelled in the 12 months.

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

**D** is 10%.

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

(d) **Listing Rule 7.1 and Listing Rule 7.1A**

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 11.2(c) above).

(e) **Minimum Issue Price**

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

(i) the date on which the price at which the Equity Securities are to be issued is agreed; or

(ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) **10% Placement Period**

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

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; and
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX (**10% Placement Period**).

**11.3 Specific information required by Listing Rule 7.3A**

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

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:
  - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 9 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. There is a risk that:
  - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable A in Listing Rule 7.1A.2		Dilution		
		\$0.002 50% decrease in Market Price	\$0.004 Current Market Price	\$0.008 100% increase in Market Price
Current Variable A 1,824,480,057	10% Voting Dilution	182,448,006 Shares	182,448,006 Shares	182,448,006 Shares
	Funds raised	\$364,896.01	\$729,792.02	\$1,459,584.05
50% increase in current Variable A 2,736,720,086	10% Voting Dilution	273,672,009 Shares	273,672,009 Shares	273,672,009 Shares
	Funds raised	\$547,344.02	\$1,094,688.03	\$2,189,376.07
100% increase in current Variable A 3,648,960,114	10% Voting Dilution	364,896,011 Shares	364,896,011 Shares	364,896,011 Shares
	Funds raised	\$729,792.02	\$1,459,584.05	\$2,919,168.09

**The table has been prepared on the following assumptions:**

- 1 The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- 2 The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- 3 The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Annual General Meeting.
- 4 The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- 5 The issue of Equity Securities under the 10% Placement Facility consists only of Shares.
- 6 The issue price is \$0.004, being the closing price of Shares on the ASX on 10 October 2019.

- (c) The Company will only issue the Equity Securities during the 10% Placement Period. The approval under Resolution 9 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking)).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) non-cash consideration for the acquisition of new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
  - (ii) cash consideration. In such circumstances, the Company may use the funds raised towards its existing projects and/or for acquisition of new assets or investments (including expenses associated with such acquisitions) and general working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

- (e) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the persons to whom the Equity Securities will be issued will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
- (i) the purpose of the issue;

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

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

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

- (f) The Company obtained Shareholder approval under Listing Rule 7.1A at the annual general meeting held on 28 November 2018.
- (g) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.
- (h) During the 12 months preceding the date of the Meeting the Company has or will have issued a total of 168,044,030 equity securities, representing 9.7% of the total number of equity securities on issue at the commencement of that 12 month period.

<b>Date of issue</b>	(i) 20 December 2018 (ii) 20 December 2018 (iii) 20 December 2018 (iv) 20 December 2018 (v) 20 December 2018 (vi) 28 February 2019 (vii) 20 September 2019
<b>Number issued</b>	(i) 6,682,030 Shares (ii) 36,633,643 Shares (iii) 5,000,000 Shares (iv) 33,333,333 Shares (v) 75,000,000 Unlisted Options (vi) 26 Convertible Notes (face value of \$1.351m) (vii) 11,394,998 Shares
<b>Class of Security</b>	(i) Ordinary Fully Paid Shares (ii) Ordinary Fully Paid Shares (iii) Ordinary Fully Paid Shares (iv) Ordinary Fully Paid Shares (v) Unlisted Options (\$0.01; 20/12/2022) (vi) Convertible Notes (convertible on the basis of \$0.003 per share on or before 30 June 2020) (vii) Ordinary Fully Paid Shares
<b>Persons who received securities</b>	(i) 708 Capital Pty Ltd (ii) 708 Capital Pty Ltd (iii) 2428 Pty Ltd and Tyche Investments Pty Ltd (iv) Yakov Temov, Managing Director

	(v) 708 Capital Pty Ltd (vi) Convertible Noteholders being sophisticated investors and clients of 708 Capital Pty Ltd and Trident Capital Pty Ltd (vii) Convertible Noteholders being sophisticated investors and clients of 708 Capital Pty Ltd and Trident Capital Pty Ltd
<b>Price (per Share)</b>	(i) Nil (ii) Nil (iii) Nil (iv) Nil (v) Nil (vi) Nil (vii) Nil
<b>Discount to market</b>	(i) Not applicable (ii) Not applicable (iii) Not applicable (iv) Not applicable (v) Not applicable (vi) Not applicable (vii) Not applicable
<b>Non cash consideration</b>	(i) Shares issued in consideration for Placement Fees (ii) Shares issued in consideration for Underwriting Fees (iii) Shares issued in consideration for loan funds advanced (iv) Shares issued in lieu of director fees outstanding (v) Options issues as part consideration for advisory services provided (vi) Convertible Notes issued in full satisfaction and discharge of loan. (vii) Conversion of Convertible Notes
<b>Current value of non-cash consideration</b>	(i) \$26,728.12 (ii) \$146,534.57 (iii) \$20,000 (iv) \$133,333.33 (v) \$140,553 (Options valued using the Black-Scholes method) (vi) \$1,351,000 (vii) \$45,480
<b>Total cash consideration</b>	(i) Not applicable (ii) Not applicable (iii) Not applicable (iv) Not applicable (v) Not applicable (vi) Not applicable (vii) Not applicable
<b>Amount of cash spent</b>	(i) Not applicable (ii) Not applicable (iii) Not applicable (iv) Not applicable (v) Not applicable (vi) Not applicable (vii) Not applicable
<b>Use of cash</b>	(i) Not applicable (ii) Not applicable (iii) Not applicable (iv) Not applicable (v) Not applicable (vi) Not applicable (vii) Not applicable



## GLOSSARY

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

<b>708 Capital</b>	708 Capital Pty Ltd (ACN 142 319 202)
<b>Annual General Meeting</b>	the annual general meeting of Shareholders convened by the Notice of Meeting.
<b>Annual Report</b>	the Company's annual report for the year ended 30 June 2019 comprising the Financial Report, the Directors' Report, the Remuneration Report and the Auditor's Report.
<b>Associate</b>	has the meaning set out in sections 11-17 of the Corporations Act.
<b>ASX</b>	ASX Limited (ACN 008 624 691) trading as the Australian Securities Exchange.
<b>ASX Listing Rules</b>	the official listing rules of the ASX.
<b>Board</b>	the board of Directors.
<b>Chairman</b>	the chair of the Meeting.
<b>Closely Related Party</b>	a closely related party to Key Management Personnel as defined in Section 9 of the Corporations Act.
<b>Convertible Note</b>	a convertible note issued pursuant to the terms of the Convertible Note Agreement.
<b>Convertible Note Agreement</b>	the convertible note agreement proposed to be entered into by the Company with Exempt Investors for the issue of Convertible Notes and, if applicable, the conversion of Convertible Notes into Shares.
<b>Corporations Act</b>	the <i>Corporations Act 2001</i> (Cth).
<b>Director</b>	a director of the Company.
<b>Exempt Investor</b>	a professional and/or sophisticated investor for the purposes of section 708 of the Corporations Act.
<b>Explanatory Statement</b>	this Explanatory Statement accompanying the Notice of Meeting.
<b>Key Management Personnel</b>	the key management personnel of the Company as defined in section 9 of the Corporations Act and Australian Accounting Standards Board accounting standard 124, being those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).
<b>Notice or Notice of Meeting</b>	the notice convening the Annual General Meeting accompanying this Explanatory Statement.
<b>Option</b>	an option to acquire a Share.
<b>Performance Rights</b>	the performance rights proposed to be issued as contemplated by Resolutions 7(b) and 7(c).
<b>Proxy Form</b>	the proxy form attached to this Notice.
<b>Remuneration Report</b>	the section of the Directors' Report in the Annual Report entitled "Remuneration Report".
<b>Resolution</b>	a resolution to be considered at the Annual General Meeting or contained in the Notice of Meeting.
<b>Schedule</b>	a schedule to this Explanatory Statement.
<b>Share</b>	a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	a holder of a Share.
<b>WST</b>	Western Standard Time in Australia.

**ANNEXURE A**  
**TERMS OF CLASS A AND CLASS B PERFORMANCE RIGHTS**

The Class A Performance Rights and Class B Performance Rights (together the “**Performance Rights**”) entitle the holder to subscribe for Shares on the terms and conditions set out below.

**(a) Entitlement**

Each Performance Right entitles the holder of the Performance Right to be issued one fully paid ordinary share in the Company, for no cash consideration, on these terms of issue including the performance milestone(s) set out below.

**(b) No cash consideration**

The Performance Rights will be granted for no cash consideration.

**(c) Vesting**

If the Board determines, in its sole discretion, that the performance milestones and vesting conditions for a class of Performance Rights set out below have been satisfied prior to the relevant expiry date then that class of Performance Rights will vest and be exercisable into Shares on a one for one basis.

Performance Rights	Class A	Class B
<b>Amount payable on grant</b>	Nil	Nil
<b>Grant date</b>	27 November 2019	27 November 2019
<b>Vesting date</b>	12 months after satisfaction of Class A Performance Milestone, subject to continuing engagement as Managing Director	12 months after satisfaction of Class B Performance Milestone, subject to continuing engagement as Managing Director
<b>Expiry date</b>	31 December 2023	31 December 2023
<b>Exercise price</b>	Nil	Nil
<b>Performance Milestone</b>	Company and its subsidiaries achieving aggregate gross revenue of greater than AUD\$4m during any calendar year ending on or before 31 December 2022	Company and its subsidiaries achieving aggregate gross revenue of greater AUD\$8m during any calendar year ending on or before 31 December 2022
<b>Conversion</b>	On satisfaction of Class A Performance Milestone and completion of vesting period	On satisfaction of Class B Performance Milestone and completion of vesting period
<b>Transfer</b>	The Rights are strictly not transferrable.	The Rights are strictly not transferrable.
<b>Shares delivered on conversion</b>	1 Share per Class A Performance Right.	1 Share per Class B Performance Right.

**(d) Lapse**

If a performance milestone is not satisfied by the relevant expiry date, then the relevant class of Performance Rights will automatically lapse.

**(e) Exercise**

Subject to paragraphs (c) and (g), Performance Rights may only be exercised by notice in writing to the Company (Exercise Notice). Any Exercise Notice for a Performance Right received by the Company will be deemed to be a notice of the exercise of that Performance Right as at the date of receipt. No exercise price, or share issue price, is payable by the holder and the Company must

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issue the number of Shares, update the share register and issue and send to the holder an updated holding statement within 5 business days after receiving the notice.

**(f) Shares issued on exercise**

The Share issued upon vesting will rank equally in all respects with the Company's ordinary shares and the Company will apply to the ASX for official quotation of the Shares after they are issued.

**(g) Shareholder and regulatory approvals**

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

**(h) Participation in new issues**

There are no participation rights or entitlements inherent in the Performance Rights and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights.

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

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the number of Shares which must be issued on the exercise of an Performance Right will be increased by the number of Shares which the holder would have received if the holder had exercised the Performance Right before the record date for the bonus issue.

**(j) Adjustment for rights issue**

If the Company makes a rights issue of Shares pro rata to existing Shareholders there will be no adjustment to these terms and conditions.

**(k) Adjustments for reorganisation**

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

**(l) Quotation**

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

**(m) Transferability**

The Performance Rights may not be transferred.

**(n) Compliance with laws**

If the Corporations Act, the Listing Rules or the Constitution conflicts with these terms and conditions, or these terms and conditions do not comply with the Corporations Act, the Listing Rules or the Constitution, the holder authorises the Company to do anything necessary to rectify such conflict or non-compliance, including but not limited to unilaterally amending these terms and conditions.

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## Need assistance?



**Phone:**

1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)



**Online:**

[www.investorcentre.com/contact](http://www.investorcentre.com/contact)

CIO

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



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **9:30am (WST) Monday, 25 November 2019.**

# Proxy Form

## How to Vote on Items of Business

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

### APPOINTMENT OF PROXY

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

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

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

**A proxy need not be a securityholder of the Company.**

## SIGNING INSTRUCTIONS FOR POSTAL FORMS

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

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

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

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

## ATTENDING THE MEETING

**If you are attending in person, please bring this form with you to assist registration.**

### Corporate Representative

If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Appointment of Corporate Representative" prior to admission. A form may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

## Lodge your Proxy Form:

**XX**

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



**Control Number: 999999**

**SRN/HIN: I9999999999**

**PIN: 99999**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



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

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

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



I 9999999999

I ND

# Proxy Form

Please mark  to indicate your directions

## Step 1 Appoint a Proxy to Vote on Your Behalf

XX

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

the Chairman of the Meeting **OR**

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Connected IO Limited to be held at Level 9, 40 St Georges Terrace, Perth, Western Australia on Wednesday, 27 November 2019 at 9:30am (WST) and at any adjournment or postponement of that meeting. **Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 7a - 7c, 8a and 8b (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1, 7a - 7c, 8a and 8b are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman. **Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 7a - 7c, 8a and 8b by marking the appropriate box in step 2.

## Step 2 Items of Business

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

		For	Against	Abstain		For	Against	Abstain	
1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7b	Approval of issue of 100 million Class A Performance Rights to Yakov Temov	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Re-election of Mr Adam Sierakowski as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7c	Approval of issue of 100 million Class B Performance Rights to Yakov Temov	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Re-election of Mr Davide Bosio as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8a	Approval of issue of Shares to Adam Sierakowski in lieu of Director fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Ratification of issue of Shares in lieu of fees to 708 Capital Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8b	Approval of issue of Shares to Davide Bosio in lieu of Director fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5a	Ratification of issue of Shares under Loan Agreements to 2428 Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5b	Ratification of issue of Shares under Loan Agreements to Tyche Investments Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
6	Approval to issue Shares for Convertible Notes Interest	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
7a	Approval of issue of 150 million Shares to Yakov Temov	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					

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

## Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1  Securityholder 2  Securityholder 3

Sole Director & Sole Company Secretary Director Director/Company Secretary  / / Date

**Update your communication details** (Optional)

Mobile Number  Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

