

**CIPHERPOINT LIMITED**  
**ACN 120 658 497**  
**NOTICE OF 2021 ANNUAL GENERAL MEETING**

Notice is given that the 2021 Annual General Meeting (“**Meeting**”) of Cipherpoint Limited (“**the Company**” or “**Cipherpoint**”) will be held by virtual technology on 24 September 2021 at 4:00pm (AEST).

**IMPACTS OF COVID-19 ON THE MEETING**

The health and safety of members and personnel, and other stakeholders, is the highest priority and the Company is acutely aware of the current circumstances resulting from COVID-19, in particular in New South Wales. While the COVID-19 situation remains volatile and uncertain, based on the best information available to the Board at the time of the Notice, the Company intends to conduct the Meeting virtually via Zoom.

Shareholders are strongly encouraged to vote by lodging a directed proxy appointing the Chair as early as possible and in any event prior to the cut-off for proxy voting as set out in the Notice (being 4:00pm (AEST), 22 September 2021). Instructions for lodging proxies are included on your personalised proxy form.

Arrangements for attendance by Zoom, with the ability to ask questions, can be made by contacting Steven Bliim, the Joint Company Secretary, by email at [steven.bliim@cipherpoint.com](mailto:steven.bliim@cipherpoint.com) at least two business days before the meeting. Arrangements will be made for direct voting at the virtual Meeting by shareholders, proxies, corporate representatives and holders of powers of attorney.

In addition, the Company is happy to accept and answer questions submitted at least two business days prior to the Meeting by email to [steven.bliim@cipherpoint.com](mailto:steven.bliim@cipherpoint.com). The Company reserves the right to not respond to any unreasonable and/or offensive questions at its discretion.

Because the conditions and potential restrictions and other requirements for meetings relating to COVID-19 are rapidly changing, if it becomes necessary or appropriate to make alternative arrangements to those set out in this Notice of General Meeting the Company will announce the alternative arrangements to ASX. Shareholders are encouraged to check for announcements at the ASX website [www.asx.com.au](http://www.asx.com.au), search code “CPT”.

Further details in respect of each of the resolutions proposed in this Notice of Annual General Meeting (“**Notice**”) are set out in the Explanatory Memorandum (“**Memorandum**”) accompanying this Notice. Details of the resolutions contained in the Memorandum should be read together with, and form part of, this Notice.

**GENERAL BUSINESS**

**2021 Annual Financial Statements**

To lay before the meeting and consider the Annual Financial Statements of the Company for the year ended 31 March 2021 and comprising the Annual Financial Report, the Directors’ Report and the Auditor’s Report.

**RESOLUTION 1: NON-BINDING RESOLUTION TO ADOPT REMUNERATION REPORT**

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

***“That the Company approve the adoption of the Remuneration Report, included in the Directors’ Report, for the year ended 31 March 2021.”***

***Voting Prohibition:***

*A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of either of the following persons:*

- (a) a member of the key management personnel, details of whose remuneration are included in the Remuneration Report; or*
- (b) a closely related party of such a member,*

*being referred to herein as “**Restricted Voters**”.*

However, a person (“voter”) may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a Restricted Voter and the voter is appointed as a proxy in writing that specifies the way the proxy is to vote on Resolution 1. The Chair may also exercise undirected proxies if the vote is cast on behalf of a person entitled to vote on Resolution 1 and the proxy appointment expressly authorises the Chair to exercise the proxy even if Resolution 1 is connected directly or indirectly with the remuneration of members of the key management personnel of the Company.

**Voting Note:**

Directors of the Company who are key management personnel whose remuneration details are included in the 2021 Remuneration Report, any other key management personnel whose remuneration details are included in the 2021 Remuneration Report, or any of their closely related parties, will not be able to vote on Resolution 1 or to vote undirected proxies held by them on Resolution 1.

**RESOLUTION 2: RE-ELECTION OF MR STEVEN BLIIM AS A DIRECTOR**

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

***“That Mr Steve Bliim, who retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company.”***

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

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

***“That for the purposes of ASX Listing Rule 7.1A, shareholders approve the Company having the capacity to issue fully paid ordinary shares in the capital of the Company up to the maximum number permitted under ASX Listing Rule 7.1A.2 at an issue price which is not less than 75% of the volume weighted average market (closing) price of the Company's ordinary shares calculated over the last fifteen (15) days on which trades of the Company's ordinary shares were recorded on ASX immediately before the date on which the issue price is agreed or the date the issue is made as described in the Memorandum which accompanied and formed part of this Notice.”***

**Voting Note:**

If as at the time of the Meeting, the Company:

- is included in the S&P/ASX 300 Index; and
- has a market capitalisation of greater than AU\$300 million,

this Resolution 3 will be withdrawn.

**RESOLUTION 4A: RATIFICATION OF PRIOR ISSUE OF SHARES**

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

***“That, for the purposes of Listing Rule 7.4 and for all other purposes, shareholders ratify the prior issue of 52,596,297 fully paid ordinary shares at an issue price of \$0.027 (2.7 cent) per share to unrelated sophisticated, professional and other exempt investors as described in the Memorandum which accompanied and formed part of this Notice.”***

**Voting Exclusion Statement**

The Company will disregard any votes cast in favour of Resolution 4A by or on behalf of any person who participated in the issue or is a counterparty to the agreement being approved or any associate of that person.

However, this does not apply to a vote cast in favour of Resolution 4A by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- a holder acting solely as nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

- *the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and*
- *the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

#### **RESOLUTION 4B: APPROVAL FOR ISSUE OF OPTIONS**

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

***“That, for the purposes of Listing Rule 7.1 and for all other purposes, shareholder approval is given for the issue of unlisted options (each with an exercise price of \$0.08 (8 cents), expiring 15 February 2023 and which, upon exercise, entitle the holder to one fully paid ordinary shares in the capital of the Company) to to unrelated sophisticated, professional and other exempt investors as described in the Memorandum which accompanied and formed part of this Notice.”***

A voting exclusion statement as set out below applies to Resolution 4B.

#### **RESOLUTION 4C: APPROVAL FOR ISSUE OF SHARES AND OPTIONS - CONVERTIBLE NOTE**

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

***“That, for the purposes of Listing Rule 7.1 and for all other purposes, shareholder approval is given for the issue of shares and options on conversion of 55,555,556 convertible notes (each note having a face value and conversion price of \$0.027 (2.7 cents), accruing interest at 8% per annum (compounding monthly) and with a maturity date which is 6 months after the date of the Company’s 2021 Annual General Meeting) to unrelated sophisticated, professional and other exempt investors as described in the Memorandum which accompanied and formed part of this Notice.”***

A voting exclusion statement as set out below applies to Resolution 4C.

#### **RESOLUTION 4D: APPROVAL FOR ISSUE OF OPTIONS - JOINT LEAD MANAGERS**

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

***“That, for the purposes of Listing Rule 7.1 and for all other purposes, shareholder approval is given for the issue of an aggregate of 30,000,000 unlisted options (each with an exercise price of \$0.08 (8 cents), expiring 15 February 2023 and which, upon exercise, entitle the holder to one fully paid ordinary shares in the capital of the Company) to CoPeak Pty Ltd and Cumulus Wealth Pty Ltd (and/or their nominee(s)) as described in the Memorandum which accompanied and formed part of this Notice.”***

A voting exclusion statement as set out below applies to Resolution 4D.

#### ***Voting Exclusion Statement – Resolutions 4B to 4D***

*The Company will disregard any votes cast in favour of Resolutions 4B to 4D respectively 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 holder of ordinary securities in the Company) and any of their associates.*

*However, this does not apply to a vote cast in favour of Resolution 4A by:*

- *a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or*
- *the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or*
- *a holder acting solely as nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*

- *the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and*
- *the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

#### **RESOLUTION 5A: ADOPTION OF EMPLOYEE INCENTIVE SCHEME – PERFORMANCE RIGHTS PLAN**

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

***“That, for the purposes of ASX Listing Rule 7.2 Exception 13 and for all other purposes, approval is given for the Company to adopt an employee incentive scheme, being the Cipherpoint Performance Rights Plan, as described in the Memorandum which accompanied and formed part of this Notice.”***

A voting exclusion statement for Resolution 5A is set out below.

#### **RESOLUTION 5B: ADOPTION OF EMPLOYEE INCENTIVE SCHEME – SHARE OPTION PLAN**

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

***“That, for the purposes of ASX Listing Rule 7.2 Exception 13 and for all other purposes, approval is given for the Company to adopt an employee incentive scheme, being the Cipherpoint Share Option Plan, as described in the Memorandum which accompanied and formed part of this Notice.”***

A voting exclusion statement for Resolution 5B is set out below.

#### **RESOLUTION 5C: ADOPTION OF EMPLOYEE INCENTIVE SCHEME – LOAN SHARE PLAN**

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

***“That, for the purposes of ASX Listing Rule 7.2 Exception 13 and for all other purposes including sections 259B and 260C of the Corporations Act 2001 (Cth), approval is given for the Company to adopt an employee incentive scheme, being the Cipherpoint Loan Share Plan, as described in the Memorandum which accompanied and formed part of this Notice.”***

A voting exclusion statement for Resolution 5C is set out below.

#### ***Voting Exclusion Statement – Resolutions 5A to 5C:***

*The Company will disregard any votes cast in favour of any or all of Resolutions 5A to 5C by or on behalf of a person who is eligible to participate in the employee incentive scheme or any of their associates.*

*However, this does not apply to a vote cast in favour of Resolutions 5A to 5C respectively by:*

- *a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or*
- *the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or*
- *a holder acting solely as nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
  - *the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and*
  - *the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

#### ***Proxy Voting Prohibition – Resolutions 5A to 5C:***

*Other than as set out below, a vote on Resolutions 5A to 5C respectively must not be cast as proxy by a Restricted Voter.*

*A Restricted Voter may cast a vote on Resolutions 5A to 5C respectively as a proxy if either:*

- ( ) *the Restricted Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or*
- (a) *the Restricted Voter is the Chair and the written appointment of the Chair as proxy:*
  - ( ) *does not specify the way the proxy is to vote on this Resolution; and*
  - (i) *expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.*

#### **RESOLUTION 6A: APPROVAL TO VARY TERM OF SECURITIES – MILESTONE ONE SHARES – BRACE 168 VENDORS**

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

**“That, for the purposes of the ASX Listing Rules and for all other purposes, approval is given for the variation to the milestone for the issue of 7,100,000 fully paid ordinary shares to the vendors of Brace168 Pty Limited (and/or their respective nominee(s)) as described in the Memorandum which accompanied and formed part of this Notice.”**

A voting exclusion statement as set out below in this Notice applies to this Resolution 6A.

#### **RESOLUTION 6B: APPROVAL TO VARY TERM OF SECURITIES – MILESTONE TWO SHARES – BRACE 168 VENDORS**

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

**“That, for the purposes of the ASX Listing Rules and for all other purposes, approval is given for the variation to the milestone for the issue of 7,100,000 fully paid ordinary shares to the vendors of Brace168 Pty Limited (and/or their respective nominee(s)) as described in the Memorandum which accompanied and formed part of this Notice.”**

A voting exclusion statement as set out below in this Notice applies to this Resolution 6B.

#### **RESOLUTION 6C: APPROVAL TO VARY TERM OF SECURITIES – CLASS D PERFORMANCE RIGHTS**

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

**“That, for the purposes of the ASX Listing Rules and for all other purposes, approval is given for the variation to the milestone for the conversion of the Class D Performance Rights (which are held by vendors of Brace168 Pty Limited and/or their nominee(s)) as described in the Memorandum which accompanied and formed part of this Notice.”**

A voting exclusion statement as set out below in this Notice applies to this Resolution 6C.

#### ***Voting Exclusion Statement – Resolutions 6A to 6C***

*The Company will disregard any votes cast in favour of Resolutions 6A to 6C respectively by or on behalf of the vendors of Brace168 Pty Limited or any of their associates.*

*However, this does not apply to a vote cast in favour of Resolutions 6A to 6C respectively by:*

- *a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or*
- *the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or*
- *a holder acting solely as nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
  - *the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and*
  - *the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

**Resolution 7 will only be put to shareholders if at least 25% of the votes cast on Resolution 1 are against the adoption of the Remuneration Report. If less than 25% of the votes cast on Resolution 1 are against Resolution 1 then Resolution 7 will be withdrawn and will not be put to shareholders.**

#### RESOLUTION 7 – SPILL RESOLUTION

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

***“That:***

- ***an extraordinary general meeting of the Company’s shareholders (“spill meeting”) be held within 90 days of the date of this Resolution; and***
- ***all of the Company’s directors in office at the time when the Directors’ Report for the financial year ended 31 March 2021 was passed, and who remain directors at the time of the spill meeting, cease to hold office immediately before the end of the spill meeting; and***
- ***resolutions to appoint persons to offices that will be vacated immediately before the end of the spill meeting be put to a vote of shareholders at the spill meeting.”***

***Voting Prohibition:***

*A vote on Resolution 7 must not be cast (in any capacity) by or on behalf of a Restricted Voter.*

*However, a person (“voter”) may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a Restricted Voter and the voter is appointed as a proxy in writing that specifies the way the proxy is to vote on Resolution 7. The Chair may also exercise undirected proxies if the vote is cast on behalf of a person entitled to vote on Resolution 7 and the proxy appointment expressly authorises the Chair to exercise the proxy even if Resolution 7 is connected directly or indirectly with the remuneration of members of the key management personnel of the Company.*

Dated: 20 August 2021

By the order of the Board

Ted Pretty  
Non-Executive Chairman of Cipherpoint Limited

The accompanying Memorandum and the Proxy and Voting Instructions formed part of this Notice.

## PROXY AND VOTING INSTRUCTIONS

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### Proxy Instructions

A member who is entitled to vote at a meeting may appoint:

- one proxy if the member is only entitled to one vote; and
- one or two proxies if the member is entitled to more than one vote.

Where more than one proxy is appointed each proxy may be appointed to represent a specific proportion of the member's voting rights. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes in which case any fraction of votes will be disregarded.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be lodged with the Company's share registry not less than 48 hours before the time for holding the Meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

The proxy form must be signed by the member or his/her attorney duly authorised in writing or, if the member is a corporation, in a manner permitted by the Corporations Act. A proxy given by a foreign corporation must be executed in accordance with the laws of that corporation's place of incorporation.

The proxy may, but need not, be a member of the Company.

A proxy form is attached to this Notice.

If you sign the proxy form and do not appoint a proxy, you will have appointed the Chair of the meeting as your proxy.

### Corporate Representatives

Any corporation which is a member of the Company may authorise (by certificate under common seal or other form of execution authorised by the laws of that corporation's place of incorporation, or in any other manner satisfactory to the chairperson of the Meeting) a natural person to act as its representative at any general meeting.

### Voting Entitlement

For the purposes of the Corporations Act and Corporations Regulations shareholders entered on the Company's Register of Members as at 7:00 pm on 22 September 2021 (Sydney time) are entitled to attend and vote at the meeting.

On a poll, members have one vote for every fully paid ordinary share held. Holders of options are not entitled to vote.

### How the Chair Will Vote Undirected Proxies

Subject to the restrictions set out below and in the Notice, The Chair of the meeting will vote undirected proxies in favour of all of the proposed resolutions other than Resolution 7. The Chair will vote undirected proxies against Resolution 7.

### Voting Restrictions on Resolutions 1 (Remuneration Report) and 7 (Spill Resolution)

The Remuneration Report identifies key management personnel for the year ended 31 March 2021. Their closely related parties are defined in the Corporations Act 2001 (Cth) and include specified family members, dependents and companies they control.

Directors of the Company who are key management personnel whose remuneration details are included in the 2021 Remuneration Report, any other key management personnel whose remuneration details are included in the 2021 Remuneration Report, or any of their closely related parties, will not be able to vote on Resolution 1 and/or 7 or to vote undirected proxies held by them on Resolution 1 and/or 7 provided however that the Chair may vote undirected proxies on behalf of persons eligible to vote where expressly authorised to do so on the proxy form.

### Proxy voting restrictions – Resolutions 5A to 5C

Resolutions 5A to 5C are connected directly or indirectly with the remuneration of key management personnel of the Company. Accordingly, the proxy voting restrictions as set out in the Notice apply to Resolutions 5A to 5C.

### Special Resolution

Resolution 3 is proposed as a special resolution. For a special resolution to be passed, at least 75% of the votes validly cast on the resolution by shareholders (by number of shares) must be in favour of the resolution.

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**CIPHERPOINT LIMITED**  
**ACN 120 658 497**  
**("the Company")**

**2021 ANNUAL GENERAL MEETING**  
**EXPLANATORY MEMORANDUM**

**PURPOSE OF INFORMATION**

This Explanatory Memorandum ("**Memorandum**") accompanies and forms part of the Company's Notice of Annual General Meeting ("**Notice**") for the 2021 Annual General Meeting ("**Meeting**") to be held by virtual technology on 24 September 2021 at 4:00pm (AEST).

**Please refer to the note on the front cover of the Notice of General Meeting regarding COVID-19 related restrictions, lodging proxies and/or attending the Meeting by Zoom.**

Shareholders are strongly encouraged to lodge their completed proxy forms in accordance with the instructions set out therein to vote before the Meeting.

The Notice incorporates, and should be read together, with this Memorandum.

**BUSINESS**

**2021 Annual Financial Statements**

The Annual Financial Statements, comprising the Financial Report, Directors' Report and Auditor's Report for the year ended 31 March 2021 will be laid before the meeting. Shareholders will have the opportunity to ask questions about, or make comments on, the 2021 Annual Financial Statements and the management of the Company. A representative of the auditor will be invited to attend the Meeting to answer questions about the audit of the 2021 Annual Financial Statements.

The Company's 2021 Annual Financial Statements are set out in the Company's 2021 Annual Report which can be obtained from the Company's website, [www.cipherpoint.com](http://www.cipherpoint.com) or upon request to Steven Bliim, the COO and Executive Director, by telephone on +61 2 8412 8200.

There is no requirement for these reports to be formally approved by shareholders. No resolution is required to be moved in respect of this item.

**Resolution 1: Non-binding Resolution - Remuneration Report**

The Company is required pursuant to the Corporations Act 2001 (Cth) ("**the Corporations Act**"), to propose a non-binding resolution regarding the 2021 Remuneration Report, which forms part of the Director's Report in the 2021 Annual Financial Statements.

The vote under Resolution 1 is advisory only and does not bind the Directors or the Company.

Shareholders attending the 2021 Annual General Meeting of the Company will have an opportunity to discuss and put questions in respect of the Remuneration Report.

The Board will consider the outcome of the vote and comments made by shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies. Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings ("**AGM**") (treating this AGM as the second such meeting), shareholders will be required to vote at the second of those AGM's on a resolution (a "**spill resolution**") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director and CEO) must be put up for re-election. The vote on the Remuneration Report contained in the Company's 2020 Annual Financial Statements did not carry because 25% or more votes cast voted against the adoption.

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If 25% or more of the votes cast on Resolution 1 at the Meeting are against the adoption of the Remuneration Report, the spill resolution set out in Resolution 7 will be put to the Meeting. If less than 25% of votes cast on Resolution 1 at the Meeting are against the adoption of the Remuneration Report, a spill resolution will not be required and Resolution 7 will be withdrawn.

Note that a voting exclusion applies to Resolution 1 in the terms set out in the Notice. In particular, Directors and other members of the key management personnel details of whose remuneration are included in the Remuneration Report or a closely related party of those persons must not vote on Resolution 1 and must not cast a vote as proxy, unless the proxy appointment gives a direction on how to vote provided however that the Chair may vote undirected proxies on behalf of persons eligible to vote where expressly authorised to do so on the proxy form.

### **Resolution 2: Re-Election of Mr Steven Bliim as a Director**

Resolution 2 is a resolution for re-election of Mr Steven Bliim as a Director of the Company.

Pursuant to the Constitution of the Company, one-third of the Directors or, if their number is not a multiple of three, the number nearest to one-third (rounded up), but disregarding the Managing Director and Directors appointed to fill casual vacancies, are required to retire by rotation at each AGM.

The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

The Company currently has three Directors, none are Managing Director and accordingly, one Director is required to retire by rotation at the Meeting. A Director who retires by rotation under the Constitution is eligible for re-election.

Accordingly and in accordance with the Constitution, Mr Steven Bliim retires by rotation and, being eligible seeks re-election pursuant to Resolution 2 of the Notice.

A biography for Steven is set out below:

*“Steven has been with Cipherpoint since 2012 and during this time has played a key role in the group’s expansion into the US, UK and Europe along with the reverse acquisition of Prime Minerals Limited, subsequent re-listing of Cipherpoint Limited on the Australian Securities Exchange and the acquisition of CipherPoint Software Inc. In addition to his role as Director and COO, Steven is also Joint Company Secretary.*

*Prior to joining Cipherpoint, Steven worked in business services and tax advisory for over seven years, consulting primarily to small-to-medium enterprise and primary production businesses.*

*Steven is a member of Chartered Accountants Australia & New Zealand and holds a Bachelor of Commerce – Accounting from the University of South Australia.”*

The Board (with Mr Steven Bliim abstaining) unanimously support the re-election of Mr Steven Bliim as a Director of the Company.

### **Resolution 3: Approval of 10% placement facility**

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

The Company is, at the date of the Notice, an eligible entity.

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The Company is seeking shareholder approval by way of a special resolution to have the ability to issue equity securities under the 10% Placement Facility. The exact number of equity securities (if any) to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (refer below). The Company may use funds raised from any issue(s) under the 10% Placement Facility for development of its existing business and any acquired business, or funding new projects or business opportunities and/or general working capital.

The Company obtained shareholder approval to make issues under ASX Listing Rule 7.1A at its 2020 AGM. This Shareholder approval will lapse on the earlier of Wednesday, 25 August 2021 (the date that is 12 months after the date of the 2020 AGM at which the approval is obtained) or the time and date of the 2021 AGM.

The Company issued 14,700,000 shares under the capacity available to it under ASX Listing Rule 7.1A pursuant to approval obtained at the 2020 AGM prior to lapse of this capacity under ASX Listing Rule 7.1A on the date of this Meeting.

The Company seeks to refresh the shareholder approval so as to continue to be able to make issues under the 10% Placement Facility after the Meeting in accordance with ASX Listing Rule 7.1A.

If Shareholders pass Resolution 3, the number of equity securities the Company may issue under the 10% Placement Facility will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out below). If Resolution 3 is not passed by shareholders, then the Company will not be able to issue equity securities under the 10% Placement Facility.

The Directors of the Company believe that Resolution 3 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

#### **DESCRIPTION OF LISTING RULE 7.1A**

- **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 AGM.

- **Equity securities**

Any equity securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of equity securities of the Company. The Company, as at the date of the Notice, has one class of quoted equity securities, ordinary shares (**CPT**).

- **Formula for calculating 10% Placement Facility**

ASX Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an AGM may, during the 10% Placement Period (defined in section 2(f) below), issue a number of equity securities calculated in accordance with the following formula:

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

**where:**

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

(i) plus the number of fully paid shares issued in the 12 months under an exception in ASX Listing Rule 7.2 other than exception 9, 16 or 17;

(ii) plus the number of fully paid ordinary shares issued in the relevant period on the conversion of convertible securities within ASX Listing Rule 7.2 where:

a. the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or



- 10% Placement Period

Shareholder approval of the 10% Placement Facility under ASX Listing Rule 7.1A is valid from the date of the AGM at which the approval is obtained and expires (and ceases to be valid) on the earlier to occur of:

- (i) the date that is 12 months after the date of the AGM at which the approval is obtained; or
- (ii) the time and date of the next AGM of the Company; or
- (iii) the date of the approval by Shareholders of a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).

(10% Placement Period).

- ASX Listing Rule 7.1A

The effect of Resolution 3 will be to allow the Directors of the Company to issue the equity securities under ASX Listing Rule 7.1A during the 10% Placement Period separate to the Company's 15% placement capacity under ASX Listing Rule 7.1. Resolution 3 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders' present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative).

#### **SPECIFIC INFORMATION REQUIRED BY ASX LISTING RULE 7.3A**

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

- Any equity security issued will be issued at an issue price of not less than 75% of the VWAP for the Company's equity securities over the 15 trading days immediately before:
  - (i) The date on which the price at which the relevant equity securities are to be issued is agreed by the Company and the recipient of the relevant equity securities; or
  - (ii) If the equity securities are not issued within 10 trading days of the date in paragraph (i) above, the date on which the equity securities are issued.
- If Resolution 3 is approved by the Shareholders and the Company issues equity securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company would be diluted as shown in the below table (in the case of options, only if the options are exercised). 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 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,

which may have an effect on the quantum of funds raised by the issue of the equity securities.

The table below shows the dilution of existing shareholders on the basis of the current market price of the Company's ordinary shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in ASX Listing Rule 7.1A(2) as at the date of the Notice. The table also shows:

- Two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary shares the Company has on issue. The number of ordinary shares on issue may increase as a result of issues of ordinary shares 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 ASX Listing Rule 7.1 that are approved at a future shareholders' meeting.

- Two examples of where the price of ordinary shares has decreased by 50% and increased by 50% as against the current market price (being \$0.026, which was the closing price of the Company's ordinary shares at close of trading on 19 August 2021).

Variable "A" in ASX Listing Rule 7.1A.2		Dilution		
		\$0.013 50% decrease in Deemed Price	\$0.026 Deemed Price	\$0.039 50% Increase in Deemed Price
<b>Current Variable A</b>  284,770,208 shares	<b>10% Voting Dilution</b>	28,477,020 shares	28,477,020 shares	28,477,020 shares
	<b>Funds raised</b>	\$370,201	\$740,402	\$1,110,603
<b>50% increase in current Variable A</b>  427,155,312 shares	<b>10% Voting Dilution</b>	42,715,531 shares	42,715,531 shares	42,715,531 shares
	<b>Funds raised</b>	\$555,301	\$1,110,603	\$1,665,905
<b>100% increase in current Variable A</b>  569,540,416 shares	<b>10% Voting Dilution</b>	56,954,041 shares	56,954,041 shares	56,954,041 shares
	<b>Funds raised</b>	\$740,402	\$1,480,805	\$2,221,207

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

- The Company issues the maximum securities available under the ASX Listing Rule 7.1A being 10% of the Company's shares on issue at the date of the Meeting.*
- No options or warrants are exercised into fully paid ordinary securities before the date of the issue of securities under ASX Listing Rule 7.1A.*
- The table does not demonstrate an example of dilution that may be caused to a particular Shareholder by reason of placements under ASX Listing Rule 7.1A, based on that shareholder's holding at the date of the Meeting.*
- The table only demonstrates the effect of issues of securities under ASX Listing Rule 7.1A. It does not consider placements made under ASX Listing Rule 7.1, the "15% rule".*
- The deemed price in the table is indicative only and does not consider the maximum 25% discount to market that the securities may be placed at under ASX Listing Rule 7.1A.*
- The table does not demonstrate the effect of listed options being issued under ASX Listing Rule 7.1A, it only considers the issue of the fully paid ordinary securities.*

The Company may seek to issue the equity securities for cash consideration. In such circumstances, the Company intends to use the funds raised towards developing its existing business and any acquired business, or to fund new projects or business opportunities and/or general working capital.

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A(4) and 3.10.5A upon issue of any equity securities.

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The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of equity securities will be determined on a case-by-case basis having regard to factors including but not limited to the following:

- 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;
- the effect of the issue of the equity securities on the control of the Company;
- the financial situation and solvency of the Company; and
- advice from corporate, financial and broking advisers (if applicable).

Due to the forward looking nature of the approval, the allottees under the 10% Placement Facility have not been determined as at the date of the Notice but may include existing shareholders and/or new shareholders who are not related parties or associates of a related party of the Company.

The Company has previously obtained shareholder approval under ASX Listing Rule 7.1A at its 2020 AGM. During the 12-month period preceding the proposed date of the Meeting, being on and from 24 September 2020, the Company issued a total of 36,700,000 ordinary shares under the Company's 10% Placement Capacity under ASX Listing Rule 7.1A. Details as required by ASX Listing Rule 7.3A.6 for the issue are set out in Annexure A.

At the date of that 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. Accordingly, no existing shareholder's votes will therefore be excluded and there is no voting exclusion for Resolution 3 in the Notice.

The Directors of the Company unanimously recommend shareholders vote in favour of Resolution 3.

#### **Background to Resolutions 4A to 4D – capital raising**

On 2 August 2021, the Company announced that it had received confirmation of binding commitments for a capital raising of \$2.9 million before costs. CoPeak Pty Ltd (Peak Asset Management) and Cumulus Wealth Pty Ltd acted as **Joint Lead Managers** of the capital raising. The securities in connection with the capital raising are set out below:

- 52,596,297 fully paid ordinary shares (**Placement Shares**) at an issue price of \$0.027 (2.7 cents) per Placement Shares to raise \$1,420,100 before costs. Placement Shares were issued to professional, sophisticated and other exempt investors identified by the Joint Lead Managers. The Placement Shares were issued under the placement capacity available to the Company under ASX Listing Rules 7.1 and 7.1A on 6 August 2021 and an Appendix 2A was released to ASX on that date. Ratification of the prior issue of the Placement Shares is sought under Resolution 4A.
- One free-attaching option (**Placement Option**) for every two Placement Shares issued (26,298,149 Placement Options, subject to rounding). Placement Options have an exercise price of \$0.08 (8 cents), expiry date of 15 February 2023 and, upon exercise, entitle the holder to one fully paid ordinary share in the capital of the Company. The issue of Placement Options is subject to shareholder approval, which is sought under Resolution 4B.
- 55,555,556 convertible notes with a face value of \$0.027 (2.7 cents) per note to raise \$1,500,000 before costs. Convertible notes were issued to professional, sophisticated and other exempt investors identified by the Joint Lead Managers. The convertible notes were issued on 9 August 2021 and an Appendix 3G was released to ASX on that date. The convertible notes have a conversion price of \$0.027, accrue interest at 8% per annum (compounding monthly) and have a maturity date which is 6 months after the date of the Meeting. The face value and any accrued interest of convertible notes automatically convert to shares (**Note Shares**) at \$0.027 (2.7 cents) per Note Share, with every two Note Shares to be accompanied by one free-attaching option with the same terms as Placement Options (**Note Options**), upon shareholder approval which is sought under Resolution 4C.

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- An aggregate of 30,000,000 options with the same terms as Placement Options (**Broker Options**) to the Joint Lead Managers (and/or their nominee(s)) as part of their fee for the capital raising. The issue of the Broker Options is subject to shareholder approval which is sought under Resolution 4D.

The Company may apply for quotation (listing) of the Placement Options, Note Options and Broker Options, subject to meeting the quotation requirements of ASX.

If Shareholders pass Resolution 4A, the Placement Shares will no longer use the placement capacity of the Company under the ASX Listing Rules and the Company will be able to issue equity securities using the refreshed placement capacity without shareholder approval. If shareholders do not pass Resolution 4A then the Placement Shares will continue to use the placement capacity of the Company under the ASX Listing Rules.

If Shareholders pass Resolution 4B, the Company will be able to issue the Placement Options as free-attaching to Placement Shares. In addition, any shares issued upon exercise of the Placement Options will increase the placement capacity available to the Company under the ASX Listing Rules. If shareholders do not pass Resolution 4B the Company will not be able to issue the Placement Options.

If Shareholders pass Resolution 4C, the convertible notes will convert and the Company will issue the Note Shares and Note Options representing the face value and accrued interest of the convertible notes. The Note Shares and any shares issued upon exercise of Note Options will increase the placement capacity available to the Company under the ASX Listing Rules. If Shareholders do not pass Resolution 4C then the convertible notes will not convert and the face value and accrued interest of convertible notes will be repayable by the Company on or before the maturity date.

If Shareholders Pass Resolution 4D, the Company will be able to issue the Broker Options to the Joint Lead Managers and/or their nominee(s). In addition, any shares issued upon exercise of the Broker Options will increase the placement capacity available to the Company under the ASX Listing Rules. If shareholders do not pass Resolution 4B the Company will not be able to issue the Broker Options and the Company will instead pay the Joint Lead Managers an aggregate cash fee of \$30,000.

#### *Resolution 4A – ASX Listing Rules*

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions including ASX Listing Rule 7.1A, issue or agree to issue during any twelve (12) month period any equity securities, or other securities with rights to conversion to equity, if the number of those securities exceeds 15% of the share capital of the Company at the commencement of that twelve (12) month period. The Company obtained shareholder approval under ASX Listing Rule 7.1A to issue equity securities under the additional 10% placement capacity at its Annual General Meeting on 25 August 2020.

30,596,297 of the Placement Shares were issued under the placement capacity available to the Company under ASX Listing Rule 7.1 and 22,000,000 of the Placement Shares were issued under the placement capacity available to the Company under ASX Listing Rule 7.1A.

ASX Listing Rule 7.4 provides that where a company's shareholders ratify the prior issue of securities, or an agreement to issue securities, made pursuant to ASX Listing Rule 7.1 and/or ASX Listing Rule 7.1A (provided the previous issue did not breach ASX Listing Rule 7.1 and/or ASX Listing Rule 7.1A) those securities will be deemed to have been issued or agreed to be issued with shareholder approval for the purposes of ASX Listing Rule 7.1 and/or ASX Listing Rule 7.1A. The Company seeks approval under ASX Listing Rule 7.4 to refresh its capacity to make further issues without shareholder approval under ASX Listing Rule 7.1 and/or ASX Listing Rule 7.1A.

The following information is provided for Resolution 4A in accordance with ASX Listing Rule 7.5:

- The Placement Shares were issued to professional, sophisticated and other exempt investors identified by the Joint Lead Managers.
- 52,596,297 fully paid ordinary shares (Placement Shares) were issued.

- The Placement Shares are fully paid ordinary shares that have the same terms as, and rank equally with, the Company's fully paid ordinary shares on issue.
- Placement Shares were issued on 6 August 2021 and an Appendix 2A was released to ASX on that date.
- Placement Shares were issued at \$0.027 (2.7 cents) each.
- \$1,420,100 before costs was raised from issue of the Placement Shares. Funds raised will be used for further enhancements to the Security Operations Centre in North Sydney, acceleration of recruitment activities for new technical staff necessary to deliver on recently awarded contracts and near-term pipeline opportunities, further investment into business development and customer acquisition to seek to enable to Brace168 business to achieve its Milestone 2 revenue target and pursuit of additional acquisition opportunities to complement the Company's core business.
- A voting exclusion for Resolution 4A is contained in the Notice accompanying this Memorandum.

*ASX Listing Rules – Resolutions 4B to 4D*

ASX Listing Rule 7.1 provides that a company must not, subject to specific exceptions, issue or agree to issue during any twelve month period any equity securities, or other securities with rights to conversion to equity, if the number of those securities exceeds 15% of the company's issued share capital at the commencement of the twelve month period. One circumstance where an action or an issue is not taken into account in calculating the 15% threshold is where the issue has the prior approval of shareholders at a general meeting.

The following information is provided for Resolutions 4B to 4D in accordance with ASX Listing Rule 7.3:

- The Placement Options, Note Shares and Note Options are to be issued to professional, sophisticated and other exempt investors identified by the Joint Lead Managers. The Broker Options are to be issued to the Joint Lead Managers and/or their nominee(s).
- The maximum number of securities to be issued are:
  - 26,298,149 Placement Options, subject to rounding.
  - 55,555,556 Note Shares, plus the number of Note Shares calculated by dividing the interest accrued on the convertible notes at Conversion by \$0.027 (2.7 cents).
  - The number of Note Options will be calculated by dividing the total aggregate number of Note Shares issued by two, subject to rounding.
  - 30,000,000 Broker Options.
- Note Shares will be fully paid ordinary shares that have the same terms as, and rank equally with, the Company's fully paid ordinary shares on issue. Placement Options, Note Options and Broker Options have the same terms, being an exercise price of \$0.08 (8 cents), expiry date of 15 February 2023 and, upon exercise, entitle the holder to one fully paid ordinary share in the capital of the Company. The full terms of Placement Options, Note Options and Broker Options are set out in Annexure B. The Company may apply for quotation (listing) of the Placement Options, Note Options and Broker Options, subject to meeting the quotation requirements of ASX.
- The Company proposes issuing the Placement Options, Note Shares, Note Options and Broker Options shortly after the Meeting and in any event no later than three (3) months after the Meeting.
- Placement Options are being issued for no cash as free-attaching to Placement Shares on the basis of one Placement Option for every two Placement Shares issued. Note Shares are being issued at a

conversion price of \$0.027 (2.7 cents) each upon conversion of the face value and accrued interest of convertible notes. Note Options are being issued for no cash as free-attaching to Note Shares on the basis of one Note Option for every two Note Shares issued. Broker Options are being issued for no cash as part of the fee payable to the Joint Lead Managers in connection with the capital raising.

- The purpose of the issue of securities is as follows:
  - Placement Options are being issued as free-attaching to Placement Shares on the basis of one Placement Option for every two Placement Shares issued. Funds raised on exercise of Placement Options (if any) will be applied to meeting working capital requirements of the Company at the time of exercise.
  - Note Shares are being issued at a conversion price of \$0.027 (2.7 cents) each upon conversion of the face value and accrued interest of convertible notes. Note Options are being issued for no cash as free-attaching to Note Shares on the basis of one Note Option for every two Note Shares issued. Assuming shareholders approve Resolution 4B and the convertible notes are converted to Note Shares and Note Options, funds raised from the issue of the convertible notes will be used for further enhancements to the Security Operations Centre in North Sydney, acceleration of recruitment activities for new technical staff necessary to deliver on recently awarded contracts and near-term pipeline opportunities, further investment into business development and customer acquisition to seek to enable the Brace168 business to achieve its Milestone 2 revenue target and pursuit of additional acquisition opportunities to complement the Company's core business. Funds raised on exercise of Note Options (if any) will be applied to meeting working capital requirements of the Company at the time of exercise.
  - Broker Options are being issued for no cash as part of the fee payable to the Joint Lead Managers in connection with the capital raising. Funds raised on exercise of Broker Options (if any) will be applied to meeting working capital requirements of the Company at the time of exercise.
- A voting exclusion for Resolutions 4B to 4D is contained in the Notice accompanying this Memorandum.

#### *Director recommendation*

The Directors unanimously recommend that shareholders vote in favour of Resolutions 4A to 4D.

#### **Resolutions 5A to 5C – adoption of employee incentive schemes**

Resolutions 5A to 5C seek shareholder approval for the adoption of three separate employee incentive schemes (**Plans**), being the PRP, SOP and LSP. A summary of each of the Plans forms Annexures C to E inclusive and a copy of the Plans (or any one of them) can be provided upon request to the Company.

The Plans were previously adopted at the 2020 AGM of the Company on 25 August 2020 and were refreshed at the general meeting of shareholders on 31 March 2021. The Company is seeking approval to renew the adoption of the Plans with increased limits on the number of securities to be issued under the Plans by an aggregate of 28,000,000 securities to accommodate future staff issues.

No Directors or their associates will participate in any of the Plans or receive any securities under any of the Plans unless and until further shareholder approval of specific issues to them is obtained.

#### *Regulation Requirements –ASX Listing Rules Chapter 7*

ASX Listing Rule 7.1 requires that shareholder approval is required for an issue of securities if the securities will, when aggregated with the securities issued by the entity during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12-month period.

ASX Listing Rule 7.2 Exception 13 provides an exception to ASX Listing Rule 7.1 for securities issued under an employee incentive scheme within 3 years of shareholder approval of the scheme. The Company therefore seeks approval of the Plans under ASX Listing Rule 7.2 Exception 13 so that issues of securities under the Plans does not impede the capacity of the Company to issue up to a further 15% of its capital without shareholder approval.

Details of any issues of securities under the Plans since they were last approved are set out below:

- **PRP:** 6,250,000 performance rights were issued under the PRP on 7 September 2020 and an Appendix 3G for the issue was released to ASX on that date. A further 16,250,000 performance rights were issued under the PRP on 28 May 2021 and two Appendix 3G's were released to ASX on that date.
- **SOP:** 4,500,000 options were issued under the SOP on 28 October 2020 and an Appendix 3G was released to ASX on that date.
- **LSP:** 2,250,000 loan plan shares were issued under the LSP on 28 October 2020 and an Appendix 3G was released to ASX on that date. A further 9,869,000 loan plan shares were issued under the LSP on 22 July 2021 and an Appendix 3G was released to ASX on that date.

The maximum number of securities that may be issued under the LSP, SOP and PRP (in aggregate) is 68,000,000 securities, being an increase of 28,000,000 from the limit approved by shareholders on 31 March 2021. The Company has also already issued 39,119,000 securities under the Plans as described above. As noted above, the Company seeks to increase the limits on the number of securities to be issued under the Plans to accommodate future staff issues.

The remaining capacity under the Plans will be reserved for future issues subject to Board discretion at the relevant time. Any issue of securities under any of the Plans will be announced to ASX.

#### *Corporations Act – Resolution 5C*

Approval is sought under Resolution 5C for the purposes of sections 259B and 260C of the Corporations Act 2001 (Cth).

The LSP provides that the Company may provide financial assistance (in the form of an interest free, limited recourse loan) to participants to fund the acquisition price of shares issued under the LSP, further details of which are set out in summary in Annexure E.

Under section 260C(4) of the Corporations Act, a company may financially assist a person to acquire its shares if the financial assistance is given under an employee share scheme that is approved by shareholders at a general meeting. The LSP provides that the Company may financially assist a person to acquire Loan Plan Shares by providing financial assistance in the form of a loan. This may be considered to be the Company providing financial the acquisition of its own shares or other securities. Accordingly Resolution 5C seeks approval of the Plan for the purposes of section 260C(4) of the Corporations Act.

The LSP also provides for the Company to take security over the shares issued under the LSP, and to place restrictions on transfer, as a means of security loan repayment obligations. This may also constitute taking security over its own shares. Section 259B(1) of the Corporations Act provides that a company must not take security over shares in itself except as permitted by the Corporations Act. Section 259B(2) provides that the Company may take security over shares in itself under an employee share scheme that has been approved by shareholders at a general meeting. Resolution 5C seeks approval of the LSP for the purposes of section 259B(2) of the Corporations Act.

#### *General*

A copy of each of the Plans is available for review by shareholders at the registered office of the Company until the date of the Meeting. A copy of each of the Plans can also be sent to shareholders upon request to the Company. A voting exclusion statement as set out in the Notice applies to Resolutions 5A to 5C.

**Resolutions 6A to 6C – variation of terms**

On 31 March 2021, shareholders approved the issue of two tranches of 7,100,000 fully paid ordinary shares (**Milestone Shares**) upon and subject to the satisfaction of relevant milestones to the vendors of Brace168 Pty Limited (and/or their nominee(s)). In addition, on 28 May 2021 the Company issued an aggregate of 5,000,000 Class D Performance Rights under the PRP to Greg Bunt and Matt Miller, the key management personnel of Brace168 Pty Limited (**Brace168**).

The milestones applicable for issue of the Milestone Shares and the conversion of the Class D Performance Rights relate to the revenue achieved by Brace168 in a set period post completion of its acquisition by the Company. The revenue position of Brace168 has been materially adversely impacted by the government imposed lockdown in NSW as a result of the COVID-19 outbreak, resulting in deferral of contracted and expected revenue of Brace168. Accordingly, following discussion with the Brace168 vendors, the Company has agreed to seek shareholder approval to vary the terms of the milestones to provide a mechanism to allow for pro-rata issue of Milestone Shares and conversion of Class D Performance Rights based on the proportion of the sales targets achieved. The Company is seeking this approval in recognition that COVID-19 lockdowns are circumstances which were outside of the control of the Brace168 vendors or the holders of the Class D Performance Rights and believes the amendments are reasonable in those circumstances.

Noting the above, the Company seeks approval for the purposes of the ASX Listing Rules to amend the terms of the Milestone Shares and the Class D Performance Rights as set out in the table below:

#	Class	Number	Existing milestone	Milestone after variation
6A	Milestone One Shares	7,100,000	Brace168's FY2021 (12 months to 30 June 2021), the revenue of Brace168 is greater than \$3 million.	If the revenue target is not met, the number of Milestone One Shares to be issued is equal to the percentage which revenue achieved represents to the target provided that no Milestone One Shares will be issued if revenue is less than \$2.5 million. For example, if revenue is \$2.8 million 93.33% (6,626,667) of the Milestone One Shares will be issued (i.e. the percentage represented by \$2,800,000/\$3,000,000).
6B	Milestone Two Shares	7,100,000	at the conclusion of CPT's FY2022 (12 months to 31 March 2022), the revenue of Brace168 for that period is greater than \$5 million.	If the revenue target is not met, the number of Milestone Two Shares to be issued is equal to the percentage which revenue achieved represents to the target provided that no Milestone Two Shares will be issued if revenue is less than \$4 million. For example, if revenue is \$4.5 million 90% (6,390,000) of the Milestone Two Shares will be issued (i.e. the percentage represented by \$4,500,000/\$5,000,000).

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6C	Class D Performance Rights	5,000,000	upon and subject to Brace168's FY2021 (12 months to 30 June 2021) revenue being greater than \$3 million.	If the revenue target is not met, the number of Class D Performance Rights to be converted is equal to the percentage which revenue achieved represents to the target provided that no Class D Performance Rights will be converted if revenue is less than \$2.5 million. For example, if revenue is \$2.8 million 93.33% (4,666,667) of the Class D Performance Rights will convert (i.e. the percentage represented by \$2,800,000/\$3,000,000).
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The Company also sought confirmation from ASX that the revised terms of the Milestone Shares are appropriate and equitable in accordance with ASX Listing Rule 6.1. The Company confirms that Milestone Shares will only be issued upon and subject to the satisfaction of the relevant milestone applicable to each of them respectively.

If Shareholders pass Resolutions 6A to 6C, the milestone applicable to the Milestone Shares and Class D Performance Rights will be varied as set out in the table above. If Shareholders approve some, but not all, of Resolutions 6A to 6C then the milestone applicable to the securities the subject of the Resolution(s) approved by shareholders will be varied in accordance with the table above while the milestone application to the securities the subject of the Resolution(s) not passed by shareholders will not be varied. If Shareholders do not approve any of Resolutions 6A to 6C then none of the milestones will be varied.

The following information is provided for the purposes of the ASX Listing Rules:

- The Milestone Shares are held in equal proportions by Network 1 Pty Ltd ACN 073 569 221 ATF Bunt Family Trust (an entity associated with Greg Bunt) and Yalip Pty Ltd ACN 149 957 540 ATF Yalip Family Trust (an entity associated with Matt Miller).
- The class D Performance Rights are held in equal proportions by Greg Bunt and Matt Miller, the key management personnel of Brace168.
- The Milestone Shares will only be issued upon achievement of the milestone for the issue of each, and are currently a contractual right to shares which are not securities. The Class D Performance Rights have terms as set out in Annexure C of the notice of meeting released to ASX on 1 March 2021.
- The below table shows the impact of the issue of the Milestone Shares and the conversion of the Class D Performance Rights on the share capital structure of the Company:

	Number	% of total
Existing ordinary shares (includes 17,155,305 LSP shares)	284,770,208	93.68%
Milestone Shares	14,200,000	3.67%
Shares issued on conversion of Class D Performance Rights	5,000,000	1.65%
<i>Milestone Shares and shares issued on conversion of Class D Performance Rights in combination:</i>	<i>19,200,000</i>	<i>5.32%</i>

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Total	303,970,208	100%
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- A voting exclusion for Resolutions 6A to 6C is contained in the Notice accompanying this Memorandum.

#### Resolution 7 – spill resolution

**Resolution 7 will only be put to shareholders if at least 25% of the votes cast on Resolution 1 are against the adoption of the Remuneration Report. If less than 25% of the votes cast on Resolution 1 are against Resolution 1 then Resolution 7 will be withdrawn and will not be put to shareholders.**

Resolution 7 is a resolution for the following matters:

- an extraordinary general meeting of the Company’s shareholders (“spill meeting”) be held within 90 days of the date of this Resolution; and
- all of the Company’s directors in office at the time when the Directors’ Report for the financial year ended 31 March 2021 was passed, and who remain directors at the time of the spill meeting, cease to hold office immediately before the end of the spill meeting; and
- resolutions to appoint persons to offices that will be vacated immediately before the end of the spill meeting be put to a vote of shareholders at the spill meeting.

Resolution 7 is an ordinary resolution which means that, to be passed, the resolution requires the approval of more than 50% of the votes cast by or on behalf of shareholders entitled to vote on the meeting. If this resolution is put to the Meeting and passed, the Company must hold an extraordinary general meeting (“spill meeting”) within 90 days of the date of this resolution in order to consider the composition of the Board. All of the directors of the Company (who were in office when the 2021 Directors’ Report was approved) 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.

A voting prohibition as set out in the Notice applies to Resolution 7. Shareholders should be aware that no such voting prohibition will apply at the spill meeting.

#### *Director recommendation*

The Directors recommend that shareholders vote against Resolution 7. The Chair will vote all undirected proxies against Resolution 7.

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ANNEXURE A

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable)	Cash
1 February 2021	14,700,000	CPT	Issued to unrelated sophisticated investors identified by the Company	Issue price of \$0.047 (aggregate \$690,900). Market price at date of issue was \$0.051. Percentage discount of 8.51%.	Cash (\$690,900). Amount spent: \$635,812.58 Amount remaining: \$55,087.42  Funds raised have been, or will be, allocated toward the Company pursuing its cloud development and the integration of its products with the major collaboration platforms in the market, including Microsoft Teams and otherwise for meeting general working capital requirements.
6 August 2021	22,000,000	CPT	Issued to unrelated professional, sophisticated and other exempt investors who were identified by Peak Asset Management and/or Cumulus Wealth	Issue price of \$0.027 (aggregate \$594,000). Market price at date of issue was \$0.03. Percentage discount of 10%.	Cash (\$594,000). Amount spent: \$0 Amount remaining: \$594,000  Funds raised will be used for further enhancements to the Security Operations Centre in North Sydney, acceleration of recruitment activities for new technical staff necessary to deliver on recently awarded contracts and near-term pipeline opportunities, further investment into business development and customer acquisition to seek to enable to Brace168 business to achieve its Milestone 2 revenue target and pursuit of additional acquisition opportunities to complement the Company's core business.

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**ANNEXURE B  
TERMS OF OPTIONS**

Placement Options, Note Options and Broker Options have the following common terms:

- (a) Each Option entitles the holder to acquire one fully paid ordinary share (**Share**) in the capital of the Company. The Company proposes applying for official quotation (listing) of the Options.
- (b) The exercise price is \$0.08 (8 cents) (**Exercise Price**) per Option.
- (c) Each Option is exercisable at any time prior to 5:00pm Melbourne time on 15 February 2023 (**Expiry Date**).
- (d) Options may be exercised by providing written notice together with payment for the number of Shares in respect of which Options are exercised to the registered office of the Company.
- (e) Any Option that has not been exercised prior to the Expiry Date or cancelled in accordance with these terms shall automatically lapse.
- (f) An Option shall not be able to be exercised (and the Company will not be required to issue Shares upon such exercise) if it would be unlawful to do so.
- (g) Subject to compliance with applicable laws, Options are freely transferrable.
- (h) The Exercise Price is payable in full upon exercise of Options.
- (i) Where an Option holder determines to exercise some, but not all, of their held Options, the total aggregate amount payable to exercise the Options must be a minimum of \$1,000.
- (j) All Shares issued upon exercise of Options will rank pari passu in all respect with, and have the same terms as, the Company's then issued fully paid ordinary shares. The Company will apply for official quotation by ASX of all Shares issued upon exercise of Options, subject to any restriction obligations imposed by ASX and the Company being listed on ASX at the relevant time. The Options will not give any right to participate in dividends until shares are issued pursuant to the terms of the relevant Options.
- (k) There are no participation rights or entitlements inherent in the Options. Option holders are not entitled to participate in new issues of securities offers to shareholders without first exercising the Options. Prior to the Expiry Date and if required by the ASX Listing Rules, the Company will send notices to option holders in accordance with the time limits required by the ASX Listing Rules in respect of offers of securities made to shareholders.
- (l) In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the Expiry Date, the number of Options or the exercise price of the Options or both shall be reconstructed in accordance with the ASX Listing Rules applying to a reorganisation of capital at the time of the reconstruction.
- (m) Options will otherwise have the terms as required by ASX and the ASX Listing Rules.

**ANNEXURE C**  
**SUMMARY OF CIPHERPOINT PERFORMANCE RIGHTS PLAN**

The Company proposes adopting the PRP as a long-term incentive plan aimed at creating a strong link between Director and key management personnel performance and reward and increasing shareholder value by enabling current or prospective Directors and key management personnel (each an **Eligible Person**) to have greater involvement, and share in, future growth and profitability of the Company.

Shareholder approval for adoption of the PRP will be sought at the Shareholder Meeting.

Under the PRP, the Board may offer rights to acquire shares (**Performance Rights**) to Eligible Persons. An Eligible Person (or their nominee) who validly accepts an offer becomes a participant in the PRP. Performance Rights may only be transferred upon a Participant becoming deceased.

Any issues of Performance Rights or agreements to issue Performance Rights under the PRP will be announced to ASX.

The Board will determine what Applicable Milestones apply to Performance Rights, including the date by which such Applicable Milestones must be satisfied and any applicable vesting conditions. Satisfaction of Applicable Milestones (including vesting) is as determined by the Board.

Upon satisfaction of all Applicable Milestones, shares will automatically issue and be transferred to the Participant (unless prohibited by the Corporations Act or if the Company is in a blackout period as defined in the Company's Securities Trading Policy) in which case the shares shall be transferred as soon as reasonably practicable.

Unless otherwise determined by the Board, the Performance Rights will lapse on the earlier of Applicable Milestones not being satisfied by the set date or if the Participant ceases to be an Eligible Person and has not been employed or otherwise engaged by the Company for a continuous period of 18 months from issue of the Performance Rights.

If an Eligible Person ceases their employment or office with the Company and/or its subsidiaries due to total and permanent disability or death, any Performance Rights inure for the benefit of the estate of the Participant.

The Board has discretion to administer the Plan (which may be delegated to a committee), including in the event of a variation to the Company's share capital to adjust the terms of Performance Rights, as well as determine to suspend, terminate or reinstate the Plan without notice. The Plan and any offers of Performance Rights under it are subject to the law, the ASX Listing Rules and the Constitution.

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**ANNEXURE D**  
**SUMMARY OF CIPHERPOINT SHARE OPTION PLAN**

**(a) Eligibility**

The Board may invite full or part time employees and directors of the Company or a related body corporate of the Company who are resident in the United States of America (or other jurisdictions outside of Australia) to participate in the SOP (**Eligible Employee**).

**(b) Offer of Options or Shares**

The SOP will be administered by the Board which may, in its absolute discretion, offer Options or rights to subscribe for Shares (**Rights**) to any Eligible Employee from time to time as determined by the Board.

**(c) Number of Options**

The number of Options or Rights to be offered to an Eligible Employee will be determined by the Board in its discretion and in accordance with the rules of the SOP and applicable law.

**(d) Conversion**

Each Option is exercisable into one Share in the Company ranking equally in all respect with the existing issued Shares in the Company. The Rights will be convertible in accordance with their terms of grant.

**(e) Issue price**

The exercise price for Options offered, and for Rights granted, under the SOP will be determined by the Board but will not be less than 100% of the fair market value of Shares on the date of grant.

**(f) Issue conditions**

The Board may impose conditions on the right of a participant to exercise Options or Rights granted under the SOP.

**(g) Exercise of Options**

A participant in the SOP will be entitled to exercise their Options or Rights in respect of which the exercise conditions have been met provided the Options or Rights have not lapsed. A holder may exercise Options or Rights by delivering an exercise notice to the Company Secretary along with the Option certificate (if Options are issued under the SOP) and paying the applicable exercise price of the Options multiplied by the number of Options proposed to be exercised or the consideration for exercise of the Rights.

Within 20 Business Days of receipt of the required items, the Company will issue to the participant the relevant number of Shares.

**(h) Cessation of employment**

**(i) For any reason (other than as a result of death or permanent disability, or for Cause)**

If the participant in the SOP ceases to be an employee or director of, or render services to, the Company or a related body corporate for any reason (other than as a result of death or permanent disability, or for Cause) prior to the lapse of the Options, and the exercise conditions attaching to the Options have been met, the participant will be entitled to exercise their Options within 3 months after the employment of such participant ceases.

**(ii) Death or permanent disability**

If the participant in the SOP ceases to be an employee or director of, or render services to, the Company or a related body corporate as a result of death or permanent disability prior to the lapse

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of the Options, and the exercise conditions attaching to the Options have been met, the participant (or its estate) will be entitled to exercise their Options within 12 months after the employment of such participant ceases.

(iii) **For Cause**

If the participant in the SOP ceases to be an employee or director of, or render services to, the Company or a related body corporate for Cause prior to the lapse of the Options, and the exercise conditions attaching to the Options have been met, their Options will lapse automatically.

In this clause, "**Cause**" means (i) failure by the participant to substantially perform his or her duties and obligations to the Company or a related body corporate (other than any such failure resulting from his or her incapacity due to physical or mental illness); (ii) engaging in misconduct or a fiduciary breach which is or potentially is materially injurious to the Company or its shareholders; (iii) commission of an indictable offence; (iv) the commission of a crime against the Company which is or potentially is materially injurious to the Company; (v) a material breach of any written agreement between the participant and the Company or a related body corporate; or (vi) as otherwise provided in any written employment agreement between the participant and the Company or a related body corporate.

(i) **Lapse of Options and Rights**

Options and Rights held by a participant in the SOP will lapse after the expiration of five (5) years after the date the Option is granted.

(j) **Participation in Rights Issues and Bonus Issues**

The Options and Rights granted under the SOP do not give the holder any right to participate in new issues unless Shares are allotted pursuant to the exercise of the relevant Options or Rights prior to the record date for determining entitlements to such issue.

If there is a bonus issue to holders of Options or Rights, the number of Shares that the holder may be issued upon exercise of the Options or Rights may be increased by the number of Shares that the holder would have received if the Options or Rights had been exercised prior to the record date of the bonus issue. No adjustment will be made to the exercise price per Share of the Option or Right.

(k) **Reorganisation**

If there is a reorganisation of the issued capital of the Company, the Options and Rights will be reorganised in the same proportion as the issued capital of the Company is reorganised.

(l) **Change in Control**

Subject to the terms upon which Options were issued or Rights were granted, where a change of control event has occurred, or in the opinion of the Board, will occur, the Board may determine the manner in which Options will be dealt with so that each Option holder remains in a financial position in respect of the Options which is as near as possible as to that which existed prior to the change of control event.

(m) **Transfer**

Rights under the SOP may not be transferred. Options under the SOP may be transferred with the consent of the Board.

The SOP contains provisions which relate to compliance with various US taxation laws including section 409A and section 422 of the Internal Revenue Code of 1986.

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**ANNEXURE E**  
**SUMMARY OF CIPHERPOINT LOAN SHARE PLAN**

- (a) **Eligibility:** Participants in the LSP may be salaried employees or executive or (where approved by the Board non-executive) Directors of the Company or any of its subsidiaries (**Employee Participants**).
- (b) **Administration of Plan:** The Board, or a duly appointed committee of the Board, is responsible for the operation of the LSP.
- (c) **Invitations:** The Board of Directors may issue an invitation to the Employee Participant to participate in the LSP. The invitation will:
- (i) invite applications for the number of shares (**Plan Shares**) specified in the invitation;
  - (ii) specify the date of issue of the Plan Shares;
  - (iii) specify the issue price for the Plan Shares;
  - (iv) invite applications for a loan up to the amount payable in respect of the Plan Shares accepted by the Employee Participant in accordance with the invitation;
  - (v) any vesting conditions applicable to the Plan Shares; and
  - (vi) specify any other terms and conditions attaching to the Plan Shares.

The number of Plan Shares will be determined at the absolute discretion of the Board.

- (d) **Employee Loan:** An Employee Participant who is invited to subscribe for Plan Shares may also be invited to apply for a loan up to the amount payable in respect of the Plan Shares accepted by the Employee Participant (**Employee Loan**), on the following terms:
- (i) the Employee Loan must be made solely to the Employee Participant and in the name of that Employee Participant;
  - (ii) the Employee Loan will be interest free;
  - (iii) the Employee Loan will be limited recourse, the effect of which is that if all of the Shares issued in respect of the Employee Loan are sold by the Company on behalf of the Employee Participant, the Employee Participant's liability is discharged regardless of the sale price;
  - (iv) the Employee Loan made available to an Employee Participant shall be applied by the Company directly toward payment of the issue price of the Plan Shares;
  - (v) the Employee Loan must be repaid on the earlier to occur of:
    - (A) a Liquidity Event (defined below) occurring;
    - (B) the date on which the Plan Shares have been compulsorily divested in accordance with the Plan rules; and
    - (C) the date on which an Employee Participant disposes of, or attempts to dispose of, the Plan Shares;
  - (vi) an Employee Participant may elect to repay the Employee Loan amount in respect of any or all of the Plan Shares at any time prior to expiry of the term of the Employee Loan;
  - (vii) any fees, charges and stamp duty payable in respect of an Employee Loan will be payable by the Employee Participant;

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- (viii) the Company shall have security over the Plan Shares in respect of which an Employee Loan is outstanding and the company shall be entitled to sell those Plan Shares in accordance with the terms of the LSP; and
- (ix) Plan Shares will not be tradeable by an Employee Participant until the Employee Loan amount in respect of those Plan Shares has been repaid and the Company will retain the share certificate in respect of such Plan Shares until the Employee Loan has been repaid.
- (e) **Divestment of Plan Shares:** If, prior to repayment of an Employee Loan by an Employee Participant, the Employee Participant:
- (i) ceases employment with the Company as a result of the Employee Participant's termination without notice, resignation, gross negligence or serious and wilful misconduct (**Bad Leaver**), does not satisfy any relevant vesting conditions, acts fraudulently or dishonestly, becomes insolvent or fails to repay the Employee Loan on the due date for repayment,
- (A) the Employee Participant will retain all vested Plan Shares; and
- (B) all of the unvested Plan Shares will be compulsorily divested on a date determined by the Board;
- (ii) ceases employment with the Company and is not a Bad Leaver (or the Board considers that the Employee Participant should not be treated as a Bad Leaver):
- (A) the Employee Participant will retain all vested Plan Shares; and
- (B) all of the Employee Participant's Plan Shares will be compulsorily divested on a date determined by the Board, unless the Board provides express written consent that the Employee Participant may retain any or all of such unvested Plan Shares.
- (f) **Liquidity Event:** If a change of control occurs (**Liquidity Event**), or the Board determines such event is likely to occur:
- (i) the Board may in its absolute discretion determine the manner in which any or all of the Employee Participant's Plan Shares (whether vested or unvested) will be dealt with which may include, without limitation, in a manner that allows the Employee Participant to participate in and/or benefit from any transaction arising from or in connection with the Liquidity Event and/or the re-designation of any or all of the Employee Participant's Plan Shares; and
- (ii) if required, the Employee Participant must do and procure all things the Board considers necessary or appropriate to facilitate the variation of the rights of their Plan Shares such that, following such variation, they are ordinary shares in the capital of the Company.
- (g) **Restriction on transfer:** Employee Participants may not sell or otherwise deal with a Plan Share until the Employee Loan amount in respect of that Plan Share has been repaid and until the expiry of the qualifying period in respect of the Plan Shares, if any, that may be imposed by the Board and set out in the invitation.
- (h) **Voting of Plan Shares:** Employee Participants grant to the Company an irrevocable power of attorney pursuant to which it appoints the Company Secretary as its proxy to vote the Plan Shares at its discretion; and
- (i) **Rights attaching to Plan Shares:** Plan Shares will rank equally in all respects (other than with respect to any restrictions on transfer specified above or otherwise imposed by the Board) with other Shares on issue.