



STARGROUP LIMITED

ACN 061 041 281

NOTICE OF GENERAL MEETING

EXPLANATORY STATEMENT

AND

PROXY FORM

Notice is given that the General Meeting will be held at:

TIME: 10am (WST)

DATE: 23 August 2017

PLACE: Gershwin Main Room, Hyatt Regency, 99 Adelaide Terrace, Perth,
Western Australia

The business of the Meeting affects your shareholding and your vote is important.

The Explanatory Statement to this Notice provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the Proxy Forms form part of this Notice. This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5:00 pm WST on 21 August 2017.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – RATIFICATION OF PLACEMENT SHARES UNDER ASX LISTING RULES 7.1 AND 7.1A

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

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 120,642,865 Shares, on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who participated in the issue and any of their 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 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.

2. RESOLUTION 2 – RATIFICATION OF CONSIDERATION SHARES UNDER ASX LISTING RULE 7.1

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

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 4,494,643 Shares to PAC Partners Pty Ltd, on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by PAC Partners Pty Ltd and any of its 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 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.

3. RESOLUTION 3 – ISSUE OF PLACEMENT OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 120,642,865 Options on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. RESOLUTION 4 – ISSUE OF BROKER OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 4,494,643 Broker Options on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by PAC Partners Pty Ltd and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. RESOLUTION 5 – APPROVAL TO PARTICIPATE IN PLACEMENT – TODD ZANI

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 2,000,000 Shares and 2,000,000 Options to Todd Zani (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement: For the purposes of ASX Listing Rule 10.13.6 the Company will disregard any votes cast on Resolution 5 by Mr Zani (or his nominee) and any of his associates. However, the Company must not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Further, pursuant to section 224 of the Corporations Act, the Company will disregard any votes cast on this Resolution (in any capacity) by or on behalf of a related party of the Company to whom the resolution would permit a financial benefit to be given or an associate of such a related party. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the resolution and it is not cast on behalf of a related party of the Company to whom the resolution would permit a financial benefit to be given or an associate of such a related party.

Further, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair (provided he is not a person referred to in section 224 Corporations Act voting exclusion statement above) intends to vote any undirected proxies in favour of this Resolution. Shareholders may also choose to direct the Chair to vote against Resolution 5 or to abstain from voting.

If you purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

Please note that if the Chair is a person referred to in the section 224 Corporations Act voting exclusion statement above, the Chair will only be able to cast a vote as proxy for a person who is entitled to vote if the Chair is appointed in writing and the Proxy Form specifies how the proxy is to vote on Resolution 5.

6. RESOLUTION 6 – APPROVAL TO PARTICIPATE IN PLACEMENT – EVAN MCGREGOR

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 2,000,000 Shares and 2,000,000 Options to Evan McGregor (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement: For the purposes of ASX Listing Rule 10.13.6 the Company will disregard any votes cast on Resolution 6 by Mr McGregor (or his nominee) and any of his associates. However, the Company must not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Further, pursuant to section 224 of the Corporations Act, the Company will disregard any votes cast on this Resolution (in any capacity) by or on behalf of a related party of the Company to whom the resolution would permit a financial benefit to be given or an associate of such a related party. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the resolution and it is not cast on behalf of a related party of the Company to whom the resolution would permit a financial benefit to be given or an associate of such a related party.

Further, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or

- (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair (provided he is not a person referred to in section 224 Corporations Act voting exclusion statement above) intends to vote any undirected proxies in favour of this Resolution. Shareholders may also choose to direct the Chair to vote against Resolution 6 or to abstain from voting.

If you purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

Please note that if the Chair is a person referred to in the section 224 Corporations Act voting exclusion statement above, the Chair will only be able to cast a vote as proxy for a person who is entitled to vote if the Chair is appointed in writing and the Proxy Form specifies how the proxy is to vote on Resolution 6.

Dated: 19 July 2017

By order of the Board

A handwritten signature in black ink, appearing to read 'Todd Zani', with a long horizontal stroke extending to the right.

Todd Zani

Chief Executive Officer/Executive Chairman

VOTING IN PERSON

To vote in person, attend the Meetings at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9200 5834.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. RESOLUTIONS 1 TO 2 – RATIFICATION OF PRIOR ISSUES OF SHARES

1.1 General

On 4 May 2017, the Company issued a total of 124,642,865 Shares in a share placement to sophisticated and professional investors (**Placement**). The Placement raised a total of \$3,490,000 (before costs). The purpose of the Placement was to complete the acquisition of Indue Limited's (**Indue**) Automatic Teller Machine (**ATM**) switching, settlement, processing, telecommunications and reseller business.

The Company has confirmed (in its announcement on 8 May 2017) that it has now completed the acquisition of Indue's ATM switching, settlement and processing services, telecommunications services and resale of ATMs business.

Under the Placement, and subject to shareholder approval, investors are to also receive one free attaching option for every Share subscribed for, with each Option exercisable at \$0.05 and expiring on or before 30 November 2018 (**Placement Options**). Approval for the issue of the Placement Options is sought in Resolution 3.

The Shares were issued under ASX Listing Rule 7.1 and ASX Listing Rule 7.1A as follows:

- (a) 65,203,558 Shares were issued under ASX Listing Rule 7.1; and
- (b) 59,439,307 Shares were issued under ASX Listing Rule 7.1A.

The issue of the Shares under the Placement are the subject of Resolution 1.

On the same date (4 May 2017), the Company also issued a total of 4,494,643 Shares to PAC Partners Pty Ltd in consideration for their assistance with the Company's fundraising (**Consideration Shares**). The Consideration Shares were issued under ASX Listing Rule 7.1 and are the subject of Resolution 2. Subject to shareholder approval, PAC Partners Pty Ltd is also to receive one free attaching Option for every Share issued, with each Option to be granted on the same terms and conditions as the Placement Options (**Broker Options**). Approval for the issue of the Broker Options is sought in Resolution 4.

1.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 restricts the number of equity securities that a listed entity may issue in any 12 month period, without the approval of shareholders, to 15% of the number of ordinary securities on issue at the start of the period, subject to certain adjustments and permitted exceptions. The entity does not need to include within the 15% limit any ordinary securities issued in the 12 month period that were issued with the approval of shareholders for the purposes of Listing Rule 7.1.

Under ASX Listing Rule 7.4 an issue of securities without approval under ASX Listing Rule 7.1 will be treated as having been made with shareholder approval for the

purposes of ASX Listing Rule 7.1 if the original issue did not breach the 15% limit under ASX Listing Rule 7.1 and shareholders subsequently approve the issue.

On 26 June 2017 the Company announced that of the Placement shares issued, 4 million ordinary shares were subscribed to by an entity associated with Mr Todd Zani that should not have participated in the Placement without shareholder approval (**Related Shares**). ASX determined that the Company must take corrective action with respect to the Related Shares and accordingly, on 29 June 2017 the Company announced that it had completed the corrective action by procuring that the Related Shares be disposed of by 31 July 2017 and that the net proceeds be donated to a charity registered with the Australian Charities and Not-for-Profits Commission.

By ratifying the issue of Shares, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity (less the Related Shares) set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

1.3 ASX Listing Rule 7.1A

ASX Listing Rule 7.1A permits eligible entities, which have obtained shareholder approval by special resolution at the Company's Annual General Meeting, to issue equity securities up to an additional 10% of its issued capital by placements over a 12 month period after the Annual General Meeting (**10% Placement Capacity**).

Approval for the 10% Placement Capacity may only be obtained at the Company's Annual General Meeting. The Company previously received Shareholder approval for the 10% Placement Capacity at the Annual General Meeting held on 29 November 2016.

Under ASX Listing Rule 7.4 an issue of securities without approval under ASX Listing Rule 7.1A will be treated as having been made with shareholder approval for the purposes of ASX Listing Rule 7.1A if the original issue did not breach ASX Listing Rule 7.1A. The Company confirms the issue of Shares the subject of Resolutions 1 to 2 did not breach ASX Listing Rule 7.1A.

The issue of securities made relying on ASX Listing Rule 7.1A can, after it has been made, be ratified under ASX Listing Rule 7.4. This has the effect of refreshing the Company's placement capacity under ASX Listing Rule 7.1 and 7.1A to the extent the previous issues are ratified.

By ratifying the issues the subject of Resolutions 1 to 2, the base figure (that is variable "A") in which the Company's 15% and 10% annual placement capacities are calculated will be a higher number which in turn will allow a proportionately higher number of securities to be issued without the requirement to obtain prior shareholder approval.

Resolutions 1 and 2 are ordinary resolutions.

1.4 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the ratification of:

- (a) The issue of Placement Shares the subject of Resolution 1:
 - (i) the number of Placement Shares issued was 120,642,865;

- (ii) the issue price of the Shares was \$0.028 per Share, raising a total of \$3,490,000 (before costs);
 - (iii) the Shares issued were fully paid ordinary shares in the capital of the Company which rank equally with all other Shares on issue;
 - (iv) the persons who were issued the Shares were existing investors and new sophisticated investors;
 - (v) the funds raised by the Company were used for completion of the Indue's ATM switching, settlement, processing, telecommunications and reseller business, as per the Company announcements to the ASX, dated 4 and 8 May 2017;
- (b) the issue of Consideration Shares the subject of Resolution 2:
- (i) the number of Consideration Shares issued was 4,494,643;
 - (ii) the Shares were issued as consideration for PAC Partners Pty Ltd's acting as Lead Manager for the Placement, and the Shares were issued at a deemed issue price of \$0.028 per Share;
 - (iii) the Shares issued were fully paid ordinary shares in the capital of the Company which rank equally with all other Shares on issue;
 - (iv) the Shares were issued to PAC Partners Pty Ltd;
 - (v) no funds were raised by the Company as a result of the issue of the Shares as the Shares were issued in consideration for PAC Partners Pty Ltd's acting as Lead Manager of the Placement.

1.5 Directors recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolutions 1 and 2.

2. RESOLUTION 3 – ISSUE OF PLACEMENT OPTIONS

2.1 General

As announced on 4 May 2017, the Company issued the Placement Shares pursuant to the Placement to raise \$3,490,000 to enable completion of the acquisition of Indue Limited's (**Indue**) ATM switching, settlement and processing services, telecommunications services and the resale of ATMs.

As part of the Placement, the Company agreed to grant one free attaching Placement Option for every one Placement Share issued. The grant of the Placement Options is subject to shareholder approval being obtained under ASX Listing Rule 7.1.

Resolution 3 is seeking shareholder approval for the issue of up to 120,642,865 Placement Options as part of the Placement.

2.2 ASX Listing Rule 7.1

A summary of ASX Listing Rule 7.1 is set out in Section 1.2.

The effect of Resolution 3 will be to allow the Company to issue the Placement Options during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

2.3 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 3:

- (a) the maximum number of Placement Options to be issued is 120,642,865 Placement Options;
- (b) the Placement Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Placement Options will occur on the same date;
- (c) the Placement Options will be issued to existing and new sophisticated investors under the Company's Placement, none of whom will be related parties of the Company;
- (d) the Placement Options will be issued for nil cash as part of the Placement;
- (e) the Placement Options will be issued on the terms and conditions set out in Schedule 1;
- (f) no funds will be raised from the issue as the Placement Options as they are being issued as part of the Placement on the basis of one attaching Option for every Placement Share issued.

3. RESOLUTION 4 – ISSUE OF BROKER OPTIONS

3.1 General

The purpose of Resolution 4 is to seek approval for the Company to grant up to an additional 4,494,643 Options to PAC Partners Pty Ltd on the basis of one free attaching option for each Share issued to PAC Partners Pty Ltd for its role as Lead Manager of the Placement (**Broker Options**).

3.2 ASX Listing Rule 7.1

A summary of ASX Listing Rule 7.1 is set out in Section 1.2.

The effect of Resolution 4 will be to allow the Company to issue the Broker Options during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

3.3 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 3:

- (a) the maximum number of Broker Options to be issued is 4,494,643 Broker Options;
- (b) the Broker Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX

waiver or modification of the ASX Listing Rules) and it is intended that issue of the Broker Options will occur on the same date;

- (c) the Broker Options will be issued in consideration for PAC Partners Pty Ltd's role as Lead Manager in the Placement;
- (d) the Broker Options will be issued for nil cash on the basis of one Broker Option for each Consideration Share issued to PAC Partners Pty Ltd in consideration for its services as Lead Manager of the Placement;
- (e) the Broker Options will be issued on the terms and conditions set out in Schedule 1;
- (f) no funds will be raised from the issue as the Broker Options as they are being issued in consideration for PAC Partners Pty Ltd acting as Lead Manager of the Placement.

4. RESOLUTIONS 5 AND 6 - APPROVAL TO PARTICIPATE IN PLACEMENT

4.1 General

Resolutions 5 and 6 seek Shareholder approval for the issue of up to 4,000,000 Related Party Shares (together with 4,000,000 Related Party Options) (together the **Related Party Securities**) to Messrs Todd Zani and Evan McGregor (**Related Parties**) on the terms and conditions set out below.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Related Party Securities constitutes giving a financial benefit and Messrs Zani and McGregor are related parties of the Company by virtue of being Directors.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of Related Party Securities.

4.2 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of Related Party Securities:

- (a) the related parties are Messrs Todd Zani and Evan McGregor (or their nominees) and they are related parties by virtue of being Directors of the Company;
- (b) the maximum number of Related Party Shares and Related Party Options (being the nature of the financial benefit being provided) to be issued to the Related Parties is:
 - (i) 2,000,000 Related Party Shares at an issue price of \$0.028 to Mr Todd Zani;
 - (ii) 2,000,000 Related Party Options to Mr Todd Zani;
 - (iii) 2,000,000 Related Party Shares at an issue price of \$0.028 to Mr Evan McGregor; and
 - (iv) 2,000,000 Related Party Options to Mr Evan McGregor;
- (c) if the maximum number of Related Party Shares are applied for by Messrs Zani and McGregor, the maximum amount of Shares issued pursuant to the Placement will be 128,642,865 Shares;
- (d) the Related Party Securities will be issued to the Related Parties no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Related Party Securities will be issued on one date;
- (e) the Related Party Securities will be issued on the same terms and conditions under the Placement and accordingly a maximum of \$112,000 will be raised by the issue of the Related Party Securities;
- (f) the Related Party Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (g) the terms and conditions of the Related Party Options are set out in Schedule 1;
- (h) the value of the Related Party Shares is \$0.028 per Share, being the price payable for those Shares;
- (i) the value of the Related Party Options and the pricing methodology is set out in Schedule 2;
- (j) the relevant interests of the Related Parties in securities of the Company are set out below:

Related Party	Shares	Options	Performance Shares
Mr Todd Zani	33,500,000 ¹	2,000,000 ¹	2,000,000 ²
Mr Evan McGregor	3,553,396 ³	7,792,239 ³	Nil

Notes:

¹ Mr Zani's interest in Shares and Options are held directly, and indirectly through his controlled entities Tomialcocl Pty Ltd as trustee for Tomialcocl Family Trust, TZ Motorsport Pty Ltd, and the Zani Superannuation Fund.

² Mr Zani holds 1,000,000 Performance Shares expiring 30 June 2018 and 1,000,000 Performance Shares expiring 30 June 2019 through Tomialcocl Pty Ltd as trustee for Tomialcocl Family Trust.

³ Mr McGregor's interest in Shares and Options are held indirectly through his controlled entities Asterbell Pty Ltd, Innovation Marketing and Finance Pty Ltd and Paradisium Pty Ltd.

- (k) the remuneration and emoluments from the Company to the Related Parties for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	FY2016-2017	FY2015-2016
Mr Todd Zani	\$273,750	\$645,710
Mr Evan McGregor	\$54,500	\$-Nil

- (l) if the maximum amount of Related Party Shares are issued and the maximum amount of Related Party Options issued to the Related Parties are exercised, a total of 8,000,000 Shares would be issued. This will increase the number of Shares on issue from 723,530,574 to 731,530,574 (assuming that no other Options are exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 1.10%, comprising 0.55% by Mr Zani and 0.55% by Mr McGregor.

The market price for Shares during the term of the Related Party Options would normally determine whether or not the Related Party Options are exercised. If, at any time any of the Related Party Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Related Party Options, there may be a perceived cost to the Company.

- (m) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	\$0.044	8 Feb 2017
Lowest	\$0.024	18 July 2017
Last	\$0.025	19 July 2017

- (n) the primary purpose of the issue of the Related Party Securities to the Related Parties is to enable the Related Parties to participate in the Placement and raise funds in the Company;

- (o) the funds raised from the issue of the Related Party Securities will be used by the Company for general working capital purposes;
- (p) Mr Zani declines to make a recommendation to Shareholders in relation to Resolution 5 due to his material personal interest in the outcome of the Resolution on the basis that he is to be issued Related Party Securities in the Company should Resolution 5 be passed. However, in respect of Resolution 6, he recommends that Shareholders vote in favour of that Resolution for the following reasons:
 - (i) the participation of the Related Parties in the Placement is a show of support by the Related Parties in the Company; and
 - (ii) the funding provided under the Placement (including the Related Parties' participation in the Placement) provided the Company with guaranteed funding to finalize the settlement of the Indue acquisition at a time when it became apparent that loan funding on reasonable terms from the Company's original funder in relation to the transaction would not be provided;
- (q) Mr McGregor declines to make a recommendation to Shareholders in relation to Resolution 6 due to his material personal interest in the outcome of the Resolution on the basis that he is to be issued Related Party Securities in the Company should Resolution 6 be passed. However, in respect of Resolution 5 recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (p);
- (r) with the exception of Mr Zani and Mr McGregor, no other Director has a personal interest in the outcome of Resolutions 5 and 6;
- (s) Mr Jong Ho Jay Kim recommends that Shareholders vote in favour of Resolutions 5 and 6 for the reasons set out in paragraph (p)(ii);
- (t) in forming their recommendations, each Director considered the experience of each other Related Party, the current market price of Shares, the current market practices when determining the number of Related Party Shares and Related Party Options to be issued as well as the exercise price of \$0.05 and expiry date of those Related Party Options; and
- (u) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 5 and 6.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Securities to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Related Party Securities to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Broker Options means those 4,494,643 options to be granted pursuant to Resolution 4 of this Notice of Meeting.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Stargroup Limited (ACN 061 041 281).

Consideration Shares means 4,494,643 Shares the subject of Resolution 2.

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity,

directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Meeting means the general meeting of Shareholders convened by the Notice.

Notice or **Notice of Meeting** means this notice of General Meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share and includes, as the context requires, Broker Options, Placement Options and Related Party Options.

Optionholder means a holder of an Option.

Ordinary Securities has the meaning set out in the ASX Listing Rules.

Placement means the placement of 124,642,643 Shares (with a free attaching Placement Option to be granted for each Share issued subject to Shareholder approval) at an issue price of \$0.028 per Share raising \$3,490,000 announced on 4 May 2017.

Placement Options means Options to be granted pursuant to the Placement, and being the subject of Resolution 3.

Placement Shares means the Shares issued pursuant to the Placement and being the subject of Resolution 1.

Proxy Form means the proxy forms accompanying the Notice.

Related Shares has the meaning set out in Section 1.2.

Related Party Options means Related Party Options as described in Section 4 of the Explanatory Statement.

Related Party Securities means Related Party Shares and Related Party Options, the subject of Resolutions 5 and 6.

Related Party Shares means Related Party Shares as described in Section 4 of the Explanatory Statement.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

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

Shareholder means a registered holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OPTIONS

The Options issued if Resolutions 3 to 6 are approved will be issued on the following terms and conditions:

- (a) each Option entitles the Option holder, when exercised, to subscribe for one Share.
- (b) the Options are exercisable wholly or in part at any time prior to 5.00pm Melbourne time on the date which is 30 November 2018 (**Expiry Date**). Any Options not exercised by that date will automatically lapse.
- (c) each Option may be exercised by notice in writing to the Company, together with the payment for the number of Shares in respect of which the Options are exercised, at any time before the Expiry Date. Any notice of exercise of an Option received by the Company will be deemed to be a notice of exercise of that Option as at the date of receipt;
- (d) the Option exercise price is \$0.05 per option;
- (e) an Option does not confer the right to a change in the exercise price or a change in the number of underlying Shares over which the option can be exercised;
- (f) Shares issued upon the exercise of the Options will be issued following receipt of all relevant documents and payments and will rank equally in all respects with the then issued Shares;
- (g) the Company will apply for quotation on ASX of the Options and all Shares issued upon the exercise of the Options;
- (h) subject to the Corporations Act 2001, the Constitution and the ASX Listing Rules, the Options are freely transferable.
- (i) there are no participating rights or entitlements in respect of the Company inherent in the Options and option holders will not be entitled to participate in new issues of securities offered to Shareholders during the currency of the Options. The Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least seven business days after the issue is announced so as to give option holders the opportunity to exercise their Options before the date for determining entitlements to participate in any issue; and
- (j) if any time prior to the Expiry Date, the issued capital of the Company is reorganised, then the rights of an option holder are to be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of reorganisation.

SCHEDULE 2 – VALUATION OF RELATED PARTY OPTIONS

The Related Party Options to be issued to the Related Parties pursuant to Resolutions 5 and 6 have been valued by internal management.

Using the Black & Scholes option model and based on the assumptions set out below, the Related Party Options were ascribed the following value:

Assumptions:	
Valuation date	19 May 2017
Market price of Shares	\$0.026
Exercise price	5 cents
Expiry date (length of time from issue)	Approximately 1.5 years from date of issue (assumed 30 November 2018)
Risk free interest rate	1.67%
Volatility (discount)	73%
Indicative value per Related Party Option	\$0.0044 cents
Total Value of Related Party Options	\$17,600
- Mr Todd Zani	\$8,800
- Mr Evan McGregor	\$8,800

Note: The valuation noted above is not necessarily the market price that the Related Party Options could be traded at and is not automatically the market price for taxation purposes.

Lodge your vote:



By Mail:

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

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

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

For all enquiries call:

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

Proxy Form

XX

 For your vote to be effective it must be received by 10.00am (WST) on Monday, 21 August 2017

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

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

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

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

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

Attending the Meeting

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

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

Turn over to complete the form ➔



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com



Review your securityholding



Update your securityholding

Your secure access information is:

SRN/HIN:



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

☐

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.

Proxy Form

Please mark ☒ to indicate your directions

STEP 1

Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Stargroup 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 General Meeting of Stargroup Limited to be held at Gershwin Main Room, Hyatt Regency, 99 Adelaide Terrace, Perth, Western Australia on Wednesday, 23 August 2017 at 10.00am (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 Items 5 and 6 (except where I/we have indicated a different voting intention below) even though Items 5 and 6 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 Items 5 and 6 by marking the appropriate box in step 2 below.

STEP 2

Items of Business



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

		For	Against	Abstain
Resolution 1	Ratification of Placement Shares under ASX Listing Rules 7.1 and 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Ratification of Consideration Shares under ASX Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Issue of Placement Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Broker Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval to participate in Placement – Todd Zani	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval to participate in Placement – Evan McGregor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

SIGN

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /