

NSX Limited

ACN 089 447 058

Notice of Annual General Meeting 2017

Thursday 9 November 2017, 11.00am (AEDT)

FEX Marketsite

Ground Floor, 7 Bridge Street, Sydney NSW 2000

NOTICE OF ANNUAL GENERAL MEETING 2017 AND EXPLANATORY NOTES

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION

You should read the whole of this document before you decide whether and how to vote on the Resolutions in the Notice of Annual General Meeting.

IMPORTANT NOTICES

The Explanatory Notes in this document are intended to provide Securityholders with information to assess the merits of the proposed Resolutions contained in the accompanying Notice of Annual General Meeting and are to be read in conjunction with the Notice of Annual General Meeting.

Defined terms

Terms used in the Notice of Annual General Meeting and the Explanatory Notes are defined in the Glossary at the end of the Explanatory Notes.

Read this document

The Notice of Annual General Meeting and the Explanatory Notes are important. You should read each document in its entirety before deciding how to vote on the Resolutions. If you have any doubt regarding what you should do, you should consult your investment, financial or other professional advisers.

Forward looking statements

Certain statements in the Explanatory Notes may constitute "forward looking statements" for the purposes of applicable securities law. You should be aware that there are a number of risks (known and unknown), uncertainties and assumptions and other important factors that could cause the actual results, performance or achievements of the Company to be materially different from the future results, performance or achievements, express or implied, by such statements. Factors that could cause or contribute to such differences include the general trading and economic conditions affecting the Company or its subsidiaries. The past performance of the Company is not necessarily representative of future performance.

None of the Company, its subsidiaries or their respective directors, officers and advisers, or any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in the Explanatory Notes will actually occur. Securityholders are cautioned not to place undue reliance on these forward looking statements.

All subsequent written and oral forward looking statements attributable to the Company or its subsidiaries or any person acting on their behalf are qualified by the above cautionary statement.

NOTICE OF ANNUAL GENERAL MEETING 2017

NSX Limited ACN 089 447 058 ("NSX" or "the Company") will hold its 18th Annual General Meeting at **11:00 AM** (AEDT) on **Thursday 9 November 2017**, in the FEX Marketsite, Ground Floor, 7 Bridge Street, Sydney, NSW 2000. Attendee registration will be available from **10:30 AM** (AEDT).

ORDINARY BUSINESS

Receipt and tabling of financial statements and reports

To receive, consider and discuss the:

- (a) Financial Report;
- (b) Directors' Report (including Remuneration Report); and
- (c) Auditor's Report,

for the Company and its controlled entities for the year ended 30 June 2017.

Note: Reports are tabled at the meeting. Securityholders are not required to vote on this item. Sufficient time will be allowed at the meeting to discuss the reports and to ask questions of the Directors and the auditor (PKF).

Resolution 1 – Re-election of Michael Cox as a Director

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

"That Michael Cox, being a Director of the Company, who retires in accordance with the Company's Constitution, and being eligible, offers himself for re-election, is re-elected as a Director of the Company."

Resolution 2 – Adoption of Remuneration Report

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

"That the Remuneration Report for the financial year ended 30 June 2017, being part of the Directors' Report is adopted."

Voting Exclusion Statement and Notes:

- a) *The vote on this item is advisory only and does not bind the Directors or the Company.*
- b) *However the outcome of the vote and comments made by Securityholders on the Remuneration Report at the meeting will be taken under advisement by the Directors when formulating future remuneration policies.*
- c) *Key Management Personnel and Closely Related Parties of the Key Management Personnel are excluded from voting on this Resolution.*
- d) *However, a person described in paragraph (c) above may cast a vote on this Resolution if:*
 - o *the person does so as a proxy that specifies how the proxy is to vote on the Resolution; or*
 - o *the person is the Chairman and has been appointed as a proxy (expressly or by default) without being directed how to vote on the resolution; and*
 - o *in either case, the vote is not cast on behalf of a person described in (c) above.*
- e) *The Chairman will cast any undirected votes for this Resolution.*

Resolution 3 – Approval of the issue of share rights to the Managing Director and Chief Executive Officer – Ann Bowering

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 10.11 and for all other purposes, the issue of rights to receive 1,500,000 fully paid ordinary shares, and the issue of those shares (subject to fulfilment of the vesting conditions), to Ann Bowering on the basis set out in the Explanatory Notes is approved.”

Voting Exclusion Statement:

The Company will disregard any votes cast on this Resolution by Ann Bowering and any associate of Ann Bowering.

However, the Company need not disregard a vote if it is cast by:

- a) a person as a proxy for a person who is entitled to vote, under the directions on the proxy voting form; or*
- b) the Chairman as a proxy (expressly or by default) for a person who is entitled to vote, without being directed how to vote.*

Resolution 4 – Approval of Termination Benefits provided under the Managing Director's employment contract

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

“That, for the purposes of sections 200B and 200E of the Corporations Act 2001 (Cth) and for all other purposes, the grant of the rights to receive 1,500,000 fully paid ordinary shares, and the issue of those shares (subject to fulfilment of the vesting conditions), to Ann Bowering on the terms set out in the Explanatory Notes, is approved.”

Voting Exclusion Statement:

The Company will disregard any votes cast on this Resolution by Ann Bowering and any associate of Ann Bowering.

However, the Company need not disregard a vote if:

- a) a person as a proxy for a person who is entitled to vote, under the directions on the proxy voting form; and*
- b) it is not cast on behalf of Ann Bowering or an associate of Ann Bowering.*

Resolution 5 – Approval of an increase in the maximum remuneration available for non-executive Directors

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 10.17, clause 12.12 of the Constitution and for all other purposes, the maximum aggregate pool available for Directors' fees is increased by \$200,000 per annum from \$200,000 per annum to \$400,000 per annum (including superannuation contributions made by the Company for the benefit of non-executive Directors).”

Voting Exclusion Statement:

The Company will disregard any votes cast on this Resolution by:

- a) any Director and any associate of a Director; and*
- b) as proxy by any member of Key Management Personnel or a Closely Related Party of a member of Key Management Personnel, who is not directed how to vote.*

However, the Company need not disregard a vote if it is cast by:

- *in the case of a person described in (a) above, it is cast by:*
 - i. a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or*
 - ii. the Chairman as a proxy (expressly or by default) for a person who is entitled to vote, without being directed how to vote; and*
- *in the case of a person described in (b) above, it is cast by the Chairman as proxy and the chair is expressly authorised to exercise the proxy even if the Resolution is connected with the remuneration of a Key Management Personnel.*

By order of the Board

Scott Evans
Company Secretary

29 September 2017

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES

The accompanying Explanatory Notes form part of this Notice of Annual General Meeting and should be read in conjunction with it. Unless the context otherwise requires, terms which are defined in the Explanatory Notes have the same meaning when used in this Notice of Annual General Meeting.

RECORD DATE

The Board has determined that, for the purposes of the meeting, Shares will be taken to be held by the persons who are registered as a Securityholder as at 7.00pm (Sydney time) on Tuesday 7 November 2017. Accordingly Share transfers registered after that time will be disregarded in determining entitlement to attend and vote at the meeting.

POLL

On a poll, Securityholders have one vote for every fully paid ordinary share held. On a show of hands, every person present and qualified to vote has one vote and if one proxy has been appointed, that proxy will have one vote on a show of hands. If a Securityholder appoints more than one proxy, neither proxy may vote on a show of hands, but both proxies will be entitled to vote on a poll.

REPRESENTATIVES

A body corporate may appoint an individual as its representative to exercise any of the powers the body corporate may exercise at meetings of Securityholders. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution.

The representative should bring to the meeting evidence of their appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

PROXIES

A proxy form accompanies this Notice of Annual General Meeting.

If you are entitled to attend and cast a vote at the meeting, you may appoint a person as your proxy to attend and vote for you at the meeting and that appointment may specify the proportion or number of votes that the proxy may exercise. If you are entitled to cast 2 or more votes at the meeting, you may appoint up to 2 proxies. If you appoint 2 proxies but do not specify the proportion or number of your votes that each proxy may exercise, each proxy may exercise half of your votes. A proxy does not need to be a Securityholder.

If the proxy form is signed under a power of attorney, you must also lodge the power of attorney with the Company not less than 48 hours before the meeting, unless you have previously sent the power of attorney to the Company.

If you chose to appoint a proxy, you are encouraged to direct your proxy how to vote on Resolutions by marking either “**For**”, “**Against**” or “**Abstain**” on the proxy form for that Resolution.

To appoint a proxy (or proxies) you must complete the attached proxy form and lodge it so that it is received by the Company not less than 48 hours before the meeting (i.e. by 11:00 AM (AEDT) on Tuesday 7 November 2017) at the following address, fax number or vote online.

METHODS OF VOTING

BY MAIL - Share Registry – Boardroom Pty Limited, GPO Box 3993, Sydney NSW 2001 Australia

BY FAX - + 61 2 9290 9655

IN PERSON - Share Registry – Boardroom Pty Limited, Grosvenor Place, Level 12, 225 George Street, Sydney NSW 2000 Australia

LODGE PROXY ONLINE – <http://www.votingonline.com.au/nsxagm2017>

ATTENDING THE MEETING

If attending the meeting, please bring along your personalised proxy form with you. The bar code at the top of the form will help you to register. If you do not bring your form with you, you will still be able to attend the meeting but representatives from Boardroom Pty Limited will need to verify your identity. You will be able to register from **10:30 AM (AEDT)** on the day of the meeting.

If you have lodged an online vote, you are still entitled to attend the meeting. However, your attendance will cancel your online vote unless you instruct the Company or the registry otherwise.

APPOINTMENT OF THE CHAIR OR OTHER KEY MANAGEMENT PERSONNEL AS YOUR PROXY

Due to the voting exclusions and requirements referred to in the Notice of Annual General Meeting, if you intend to appoint any Director or other Key Management Personnel or their Closely Related Parties, other than the Chairman, as your proxy, you should direct your proxy how to vote on Resolution 2 (Adoption of Remuneration Report) and 5 (Increase in the remuneration pool for non-executive Directors) by marking either "For", "Against" or "Abstain" on the proxy form for the relevant item of business. If you do not direct such a proxy how to vote on those Resolutions they will not be able to vote an undirected proxy and your vote will not be counted. This does not apply to the Chairman, who is able to vote undirected proxies.

HOW THE CHAIRMAN OF THE MEETING WILL VOTE UNDIRECTED PROXIES

You should note that if you appoint the Chairman as your proxy, or the Chairman is appointed your proxy by default, you will be taken to authorise the Chairman to exercise the proxy even if the Resolution is connected directly or indirectly with the Remuneration Report of a member of the Company's Key Management Personnel. Instructions are provided in the proxy form distributed with the Notice of Annual General Meeting.

If you appoint the Chairman of the Meeting as your proxy and you wish to vote differently to how the Chairman of the Meeting intends to vote on any of the items you must mark either of the boxes "For", "Against" or "Abstain" on the proxy form for the relevant Resolution.

NON-CHAIRMAN DIRECTED PROXIES

Non-Chairman proxy holders are required to cast all of their directed proxies on all Resolutions as directed on a poll if they vote. If a nominated proxy does not vote on a poll, the proxy will automatically default to the Chairman, who has a duty to vote all directed proxies on a poll (sections 250BB and 250BC of the Corporations Act).

EXPLANATORY MEMORANDUM

These Explanatory Notes have been prepared for the Securityholders to provide information about the items of business to be considered at the Annual General Meeting of the Company to be held at 11:00 AM (AEDT) on Thursday 9 November 2017.

Sections 1 through 6 of these Explanatory Notes provides information relating to the Ordinary Business described in the Notice of Annual General Meeting, including Resolutions 1, 2, 3, 4 and 5. Resolutions 1 through 5 are Ordinary Resolutions.

Section 7 sets out the glossary of terms used in these Explanatory Notes.

The information contained in this explanatory notes is important and should be read carefully by all Securityholders.

1. FINANCIAL STATEMENTS AND REPORTS

1.1 Securityholder questions and comments

The *Corporations Act* requires that the Financial Report, Directors' Report (including the Remuneration Report) and Auditor's Report for the Company for the year ended 30 June 2017 be laid before the meeting.

There is no requirement in the *Corporations Act* or the Company's Constitution for Securityholders to approve those reports.

The Chairman will allow a reasonable opportunity for Securityholders to ask questions or make comments about those reports and the business and operations of the Company.

Securityholders will also be given a reasonable opportunity to ask the auditor questions about the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of the financial statements, and the independence of the auditor in relation to the conduct of the audit.

1.2 How to obtain a copy of the Annual Report 2017

Securityholders who completed an election form to receive the Company's Annual Report (including the Financial Report) will find a copy of the report enclosed with this notice of Annual General Meeting.

Securityholders who did not make an election to receive a hardcopy of the Annual Report (including the Financial Report) are able to access an electronic version of the Company's 2017 Annual Report on the NSX website at <https://www.nsx.com.au/about/investor-relations/financial-reporting/>.

Alternatively election forms to receive a free hard copy of the Company's Annual Report (including the Financial Report) are available from the Share Registry or you may request a hard copy from the Company Secretary.

2. RE-ELECTION OF DIRECTOR

2.1 Resolution 1 - Re-election of Michael Cox as a Director

In accordance with ASX Listing Rules 14.4 and 14.5 and clause 12.4 of the Constitution, a Director must not hold office without re-election past the third annual general meeting following the Director's appointment or three years whichever is longer and one-third of the existing Directors must retire by rotation irrespective of when they were appointed. A Director who retires in accordance with these requirements may offer themselves for re-election.

Information about Michael Cox

Positions Held:	Non-executive Director, Chairman of the Board
Qualifications:	BSc (USyd), LLB(UTS), Cert Acc, Dip Gem, Dip DT, FIPA, MAICD, FGAA
Appointed:	23 November 2009
Directorships held in other listed entities	Nil
NSX Limited shares held:	4,043 Fully paid ordinary shares 700,000 Partly paid shares paid to 1 cent

Experience:

Mr Cox had 10 years of experience in the securities industry prior to acting as corporate consultant and professional director. Mr Cox was formerly a director of other public companies including Benitec Ltd, Queensland Opals NL, Australian Environmental Resources NL and is a director of a number of private and public unlisted companies.

Mr Cox was CEO of the NSX at the time it listed on the ASX and merged with the Bendigo Stock Exchange. Mr Cox is a partner in Solidus Financial Services – public accountants.

2.2 What majority of votes is required for Resolution 1 to be passed?

An Ordinary Resolution is required for Resolution 1 to be passed. That is 50% or more of the votes counted either by a show of hands or in a poll.

2.3 Who can vote on Resolution 1?

Subject to the Constitution, all Securityholders can vote on Resolution 1. If you chose to appoint a proxy, you are encouraged to direct your proxy how to vote on Resolution 1 by marking either "For", "Against" or "Abstain" on the proxy form for that Resolution.

2.4 Directors' recommendation

The Directors other than Michael Cox recommend that Securityholders vote in favour of Resolution 1.

3. REMUNERATION REPORT

3.1 Resolution 2 – Adoption of the Remuneration Report

Securityholders are required to vote on the Remuneration Report.

The Remuneration Report is contained within the Directors' Report of the Annual Report, including the required presentation of the remuneration tables referred to in the report and set out in the notes of the financial statements. A summary table of requirements of Section 300A of the *Corporations Act* is also provided within the Remuneration Report.

The vote on this item is advisory only and does not bind the Directors or the Company. However the outcome of the vote and comments made by Securityholders on the Remuneration Report at the meeting will be taken under advisement by the Directors when formulating future remuneration policies.

In addition, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, Securityholders will be required to vote at the second of those AGMs on a resolution (a "Spill" Resolution) to determine whether another meeting should be held within 90 days at which all the Directors (other than the Managing Director) must present themselves for re-election. Securityholders are not required to vote on a spill resolution at this Meeting.

The Company encourages all Securityholders to cast their votes on this Resolution.

3.2 What majority of votes is required for Resolution 2 to be passed?

An Ordinary Resolution is required for Resolution 2 to be passed.

3.3 Who can vote on Resolution 2 (Voting Exclusions)?

Subject to the Constitution and *Corporations Act*, all Securityholders can vote on Resolution 2 except Key Management Personnel and their Closely Related Parties.

If you chose to appoint a proxy, you are encouraged to direct your proxy how to vote on Resolution 2 by marking either "**For**", "**Against**" or "**Abstain**" on the proxy form for that Resolution.

3.4 Undirected proxies

The Chairman of the meeting will exercise any undirected proxies for this Resolution and any subsequent "Spill" resolution even though the Resolution is directly or indirectly connected with the remuneration of a member of the Key Management Personnel. Any undirected proxies held by other Key Management Personnel or any of their Closely Related Parties will not be voted on this Resolution.

3.5 Directors' recommendation

The Directors unanimously recommend that the Securityholders pass Resolution 2 to adopt the Remuneration Report.

4. ISSUE OF SHARE RIGHTS TO MANAGING DIRECTOR

4.1 Resolution 3 - Issue of rights to shares to Ann Bowering

Ann Bowering's employment contract stipulates that Ms Bowering is eligible to receive up to 1,500,000 fully paid ordinary shares in NSX Limited at the time she leaves employment with the Company within 3 years of the commencement of her contract, provided she satisfies the 'good leaver' provisions (as described below) and subject to applicable laws, the ASX Listing Rules and Securityholder approval. Such shares are to be issued within 28 days of Ms Bowering becoming eligible. The Company wishes to issue Ms Bowering with the rights to such shares, subject to the satisfaction of their vesting conditions as further outlined above.

Under ASX Listing Rule 10.11 the Company must not issue equity securities to a related party without the approval of Securityholders. Ann Bowering is a Director and therefore a related party of the Company under section 228(2) of the Corporations Act. Accordingly, the issue of rights to shares falls under Listing Rule 10.11. If approval is granted for the issue of the share rights, shareholder approval will not be required for the future issue of shares on conversion of those rights (if and when they vest).

4.2 15% Placement Capacity

Whilst Listing Rule 7.1 would otherwise apply to the issue of the rights to ordinary shares by the Company, under Listing Rule 7.2 exception 14, if approval for the issue is given under Listing Rule 10.11 then approval is not required under Listing Rule 7.1.

4.3 Restriction on the share rights

Under Resolution 3, the Company seeks to issue Ms. Bowering the rights to receive ordinary shares at no cost when the vesting conditions stipulated in Ms Bowering's employment contract are satisfied. Those conditions are as follows:

- a) that Ms Bowering leaves employment with the Company; and
- b) that the 'good leaver' provisions of her employment contract have been met, this means that the Board has formed the opinion, acting reasonably, that she is leaving and has left the Company in good circumstances and otherwise should receive the shares. In making this determination, the Board may consider:
 - i. whether or not Ms Bowering has complied with her obligations to the Company and performed satisfactorily up to her last day of employment including meeting any individual performance hurdles which she was required to meet during the term of her employment;
 - ii. whether or not she assisted the Company with a proper handover of her duties; and
 - iii. the reasons for and the circumstances in which the employment has come to an end.

4.4 Requirements of ASX Listing Rule 10.13

The Name of the Person to whom the share rights are to be issued	Ann Margot Bowering
Maximum Number of shares to be issued under the share rights	1,500,000 (subject to adjustment in accordance with ASX Listing Rules)
Date of issue of share rights	The shares rights will be issued within 1 month of the date of this meeting in order for the approval in this Resolution to be valid. The shares will be issued to Ms Bowering if she

	satisfies the 'good leaver' provisions of her employment contract (as detailed in section 4.3 above) within 3 years of the 'Commencement Date' of her employment contract (being 9 June 2016).
Issue price per share right	No amount will be payable for either the share rights or the shares to be issued if and when the share rights vest. The share rights are to be issued as a retention incentive for Ms Bowering.
Terms of the shares rights	The share right is a right to be issued one fully paid ordinary share ranking equally with all other fully paid ordinary shares then on issue, once the vesting conditions are satisfied. The number of shares into which the share rights convert upon vesting may be adjusted in accordance with the ASX Listing Rules applicable to option adjustments.
Voting exclusion	Voting exclusion applies (see section 4.6 below)
Funds raised	No funds are to be raised as part of this issue

4.5 What majority of votes is required for Resolution 3 to be passed?

An Ordinary Resolution is required for Resolution 3 to be passed. That is 50% or more of the votes counted either by a show of hands or in a poll.

4.6 Who can vote on Resolution 3 (Voting Exclusions)?

Ann Bowering and her associates are not eligible to vote on Resolution 3.

Otherwise subject to the Constitution, all other Securityholders can vote on Resolution 3. If you chose to appoint a proxy, you are encouraged to direct your proxy how to vote on Resolution 3 by marking either "For", "Against" or "Abstain" on the proxy form for that Resolution.

4.7 Directors' recommendation

The Directors other than Ann Bowering recommend that Securityholders vote in favour of Resolution 3.

5. TERMINATION BENEFITS FOR ANN BOWERING

5.1 Resolution 4 - Approval of termination benefits

Shareholder approval is also being sought for potential future termination benefits under sections 200B and 200E of the Corporations Act should any of the share rights which may be issued to Ann Bowering pursuant to Resolution 3 vest as a result of termination of employment. Under section 200B of the Corporations Act, a company may only give a person a benefit in connection with their ceasing to hold a managerial or executive office in the company if it is approved by shareholders under section 200E of the Corporations Act or an exception otherwise applies

As detailed in section 4 above, under the terms of Ann Bowering's employment contract, Ms Bowering will become eligible to receive shares if the events in section 4.3 above are fulfilled.

Where the shares vest, the vesting of the shares in these circumstances may be considered a benefit in connection with Ms Bowering's retirement from office and, therefore, within the scope of section 200B of the Corporations Act. The benefit may fall within one of the recognised exceptions under the Corporations Act if the amount of the benefit is less than a prescribed multiple of the relevant director's remuneration and if the nature of the benefit falls within one of the categories set out in the Corporations Act. However, in the event the shares vest to either Ann Bowering and such a benefit does not technically fall within any of the categories of exceptions set out in the Corporations Act, Shareholders are being asked to approve the vesting of the shares in these circumstances for the purposes of section 200E of the Corporations Act.

The total value of the benefits to be approved by Shareholders cannot be determined in advance. This is because various matters will or are likely to affect the value, principally the market price of NSX Shares at the time that any shares vest on an basis to Ms Bowering and the period that she has been employed during the vesting period.

If and when the shares vest to Ms Bowering the value of the benefit can be calculated by multiplying the number of NSX Shares which vest by the market price of NSX Shares at that vesting time. For example, based on the last traded share price of NSX Shares of \$0.29 as at 26 September 2017, the value of the benefit would be \$435,000.

The Company is seeking this approval to assist it to meet its obligations to Ann Bowering under the employment contract and to provide the Company with flexibility to continue to remunerate Ms Bowering fairly and responsibly.

5.2 What majority of votes is required for Resolution 4 to be passed?

An Ordinary Resolution is required for Resolution 4 to be passed. That is 50% or more of the votes counted either by a show of hands or in a poll.

5.3 Who can vote on Resolution 4 (Voting Exclusions)?

Ann Bowering and any of her associates are not eligible to vote on Resolution 4.

Otherwise, subject to the Constitution, all other Securityholders can vote on Resolution 4. If you chose to appoint a proxy, you are encouraged to direct your proxy how to vote on Resolution 4 by marking either "For", "Against" or "Abstain" on the proxy form for that Resolution.

5.4 Directors' recommendation

The Directors other than Ann Bowering recommend that Securityholders vote in favour of Resolution 4.

6. INCREASE IN THE REMUNERATION POOL FOR NON-EXECUTIVE DIRECTORS

6.1 Resolution 5 - Increase in Remuneration Pool

The Company proposes to increase the maximum aggregate amount available for non-executive Directors' fees (including superannuation contributions made by the Company for the benefit of non-executive Directors and any salary sacrifice arrangements on a pre-tax basis) from \$200,000 per annum to \$400,000 per annum, an increase of \$200,000 per annum.

Under Rule 12.13 of the Constitution and Listing Rule 10.17, the approval of the Company's Securityholders in general meeting by way of Ordinary Resolution is required for this increase.

The reasons for requesting the increase to the maximum aggregate remuneration for non-executive Directors are as follows:

- a) the current aggregate amount of \$200,000 was approved by Securityholders at a general meeting in 2004 therefore this value has not changed for 13 years;
- b) there has not been a change in individual Director remuneration since 2009. The Chairman's remuneration is currently \$87,600 inclusive of superannuation per annum. Each non-executive Director remuneration is \$43,800 inclusive of superannuation per annum;
- c) should the Company seek to appoint additional Directors then there is no ability under the current pool cap to effectively attract, retain and remunerate new Directors;
- d) the Board is of the view that the proposed increase to non-executive Directors' aggregated remuneration is commensurate with market remuneration paid to non-executive Directors at equivalent ASX listed companies in terms of growth and market capitalisation and is necessary to retain and attract appropriately qualified non-executive Directors to the Company;
- e) current Directors are not remunerated for any committee or additional services that they may perform. Directors do, however, receive expense reimbursement;
- f) the increase reflects the more onerous regulatory and corporate governance environment and the commensurate increase in time and responsibility of non-executive Directors; and
- g) the Directors consider that the Company has historically paid Directors' fees at the lower end of the scale since listing when compared to companies of a similar size.

For the above reasons, the Directors consider it appropriate that the aggregate amount available for the remuneration of non-executive Directors (including superannuation contributions made by the Company for the benefit of non-executive Directors and any salary sacrifice arrangements on a pre-tax basis) be increased by \$200,000 per annum, from \$200,000 to \$400,000. This figure is a maximum only, and will not necessarily all be paid out in any year.

No securities have been issued to any non-executive Director under ASX Listing Rules 10.11 or 10.14 with Securityholders approval in the last three years.

Details of the Directors' remuneration to the period ended 30 June 2017 are contained in the Remuneration Report.

6.2 What majority of votes is required for Resolution 5 to be passed?

An Ordinary Resolution is required for Resolution 5 to be passed. That is 50% or more of the votes counted either by a show of hands or in a poll.

6.3 Who can vote on Resolution 5 (Voting Exclusions)?

The Directors and their associates are not eligible to vote on Resolution 5.

Otherwise, subject to the Constitution, all other Securityholders can vote on Resolution 5. If you chose to appoint a proxy, you are encouraged to direct your proxy how to vote on Resolution 5 by marking either “**For**”, “**Against**” or “**Abstain**” on the proxy form for that Resolution.

6.4 Directors' recommendation

The Directors abstain from making a recommendation on Resolution 5.

7. GLOSSARY

15% Placement Capacity means the Company's capacity to issue Shares under ASX Listing Rule 7.1

\$ and cents means an amount in Australian currency.

Annual Report means the Company's Annual Financial Report, Directors' Report, Remuneration Report and Auditor's Report for the financial year ended 30 June 2017.

ASX means ASX Limited ACN 008 624 691 or the securities market which it operates, as the case may be.

Board means the board of directors of the Company of NSX Limited.

Closely Related Party means, as defined in the Corporations Act, a closely related party of a member of the Key Management Personnel being:

- a) a spouse or child of the member; or
- b) a child of the member's spouse; or
- c) a dependant of the member or of the member's spouse; or
- 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 dealings with the entity; or
- e) a company the member controls; or
- f) a person prescribed by the *Corporations Regulations 2001* (Cth).

Company means NSX Limited ABN 33 089 447 058.

Constitution means the constitution of the Company at the date of these Explanatory Notes.

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

Directors means the directors of the Company.

Explanatory Notes means these Explanatory Notes.

Key Management Personnel means those people described as Key Management Personnel in the Company's Remuneration Report and includes all Directors.

Listing Rule means a listing rule of the ASX.

Notice of Annual General Meeting means the Notice of Annual General Meeting accompanying these Explanatory Notes.

Ordinary Resolution means a simple majority (at least 50%) of those Securityholders present and entitled to vote either in person or by proxy at the meeting, either on a show of hands or on a poll if one is called in accordance with applicable requirements.

Resolution means a resolution in the Notice of Annual General Meeting which requires Securityholder approval.

Share means a fully paid ordinary share in the Company or an equivalent paid up value of a partly paid share.

Securityholder means any person holding Shares.

All Correspondence to:

-  **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia
-  **By Fax:** +61 2 9290 9655
-  **Online:** www.boardroomlimited.com.au
-  **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 11:00 AM (AEDT) on Tuesday 7 November 2017.**

TO VOTE ONLINE

BY SMARTPHONE

STEP 1: VISIT www.votingonline.com.au/nsxagm2017

STEP 2: Enter your Postcode OR Country of Residence (if Outside Australia):

STEP 3: Enter your VAC:

PLEASE NOTE: For security reasons it is important you keep the above information confidential.

Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

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

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

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

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore **11:00 AM (AEDT) on Tuesday 7 November 2017.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

-  **Online** www.votingonline.com.au/nsxagm2017
-  **By Fax** + 61 2 9290 9655
-  **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia
-  **In Person** Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Your Address
 This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **NSX Limited** (Company) and entitled to attend and vote hereby appoint:

the **Chair of the Meeting (mark box)**

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at **FEX Marketsite, Ground Floor, 7 Bridge Street, Sydney NSW 2000, on Thursday 9 November 2017 at 11:00 AM (AEDT)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 2 and 5. I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions even though Resolutions 2 and 5 is connected with the remuneration of a member of the key management personnel for NSX Limited.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolutions 2 and 5). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS
 * If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	To re-elect Michael Cox as a Director (ordinary resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Adoption of the remuneration report (ordinary resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of an issue of rights to 1,500,000 shares to the Managing Director (ordinary resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of potential termination benefit to the Manager Director (ordinary resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of an Increase in director remuneration pool (ordinary resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SHAREHOLDERS
 This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1	Securityholder 2	Securityholder 3
<div style="border: 1px solid black; height: 30px; width: 100%;"></div>	<div style="border: 1px solid black; height: 30px; width: 100%;"></div>	<div style="border: 1px solid black; height: 30px; width: 100%;"></div>
Sole Director and Sole Company Secretary	Director	Director / Company Secretary

Contact Name..... Contact Daytime Telephone..... Date / / 2017