

22 October 2019

Dear Convertible Note Holder,

NAOS Small Cap Opportunities Company Limited, ABN 47 107 617 381 (**NSC**) is inviting you to attend a meeting of Holders of Notes to be held at 9:00am (Sydney time) on Friday, 22 November 2019 to consider and vote on a proposal to restructure the terms of the Notes (**Restructure Proposal**).

As you would be aware, the Notes are scheduled to mature on 31 March 2020 (**Maturity Date**). After considering a range of alternative approaches to repay or refinance the Notes, the Directors of NSC have determined that the Restructure Proposal is the preferred approach to any such refinance.

The effect of the Restructure Proposal is to grant to the Issuer a right to redeem the Notes prior to their Maturity Date, for an amount equal to their Face Value together with any Interest accrued on those Notes and a Make Whole Amount equal to the amount of Interest that would otherwise accrue and be payable under the Terms, from (and including) the Redemption Date to (but excluding) the Maturity Date. If implemented, the Restructure Proposal will have the following key benefits:

- provide NSC with the option to Redeem the Notes early, thus allowing it to de-risk the refinancing by raising funds to repay the Notes prior to the Maturity Date; and
- subject to NSC exercising its right to Redeem the Notes early, Holders will receive the full value of future Interest scheduled to be made without having to hold the Notes until the Maturity Date.

As well as the benefits listed above, you should consider the potential disadvantages of the Restructure Proposal, as set out in section 4 of the explanatory memorandum which accompanies this letter (**Explanatory Memorandum**), which include that if Notes are redeemed early, the right of Holders to convert their Notes to shares at \$1.30 (a 75.68% premium to the share price of NSC which closed at \$0.74 on 16 October 2019) will effectively be extinguished. Holders of Notes are encouraged to read and consider all the information provided before making a decision on whether to vote in favour of the Restructure Proposal.

The Board unanimously recommends that you vote in favour of the Restructure Proposal

Your vote is important. The Board strongly encourages you to vote either by attending the meeting in person or by appointing a proxy to attend the meeting and vote on your behalf, using the proxy forms accompanying the Notice of Meeting.

NSC will keep Holders of Notes informed of any material developments in relation to the Restructure Proposal through releases to ASX (which will also be published at www.naos.com.au).

Terms and abbreviations used in this letter that are not otherwise defined, have the meanings given in the Explanatory Memorandum accompanying this letter.

For further details in relation to the Restructure Proposal, please refer to www.naos.com.au or phone +612 9002 1576.

Yours sincerely



Trevor Carroll
Chairman, Board of Directors
NAOS Small Cap Opportunities Company Limited

**NOTICE OF MEETING
AND EXPLANATORY MEMORANDUM**

For a Meeting of Holders of Contango Convertible Notes (Notes) to be held at 9:00am (Sydney time) on Friday, 22 November 2019 at the offices of Gilbert + Tobin, L35, Tower Two, International Towers Sydney, 200 Barangaroo Avenue, Barangaroo NSW 2000.

This is an important document and requires your immediate attention.

You should read it carefully and in its entirety before deciding whether or not to vote in favour of the Special Resolution.

If you are in any doubt as to what you should do, you should consult your broker, financial adviser or legal adviser immediately.

Holders of Notes are urged to attend or vote by lodging the Proxy Form accompanying this Notice of Meeting.

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Notice of Meeting of Holders

NAOS Small Cap Opportunities Company ABN 47 107 617 381 (Issuer)

1 Notice of Meeting

Notice is given by the Issuer that a Meeting of Holders of Notes is to be convened at 9:00am (Sydney time) on Friday, 22 November 2019 at the offices of Gilbert + Tobin, L35, Tower Two, International Towers Sydney, 200 Barangaroo Avenue, Barangaroo NSW 2000.

2 Purpose of the Meeting

The Issuer has called the above Meeting to request Holders of Notes to consider and, if thought fit, to pass the Special Resolution referred to in this Notice of Meeting.

3 What is this document?

This Notice of Meeting has been prepared and issued by the Issuer to allow Holders of Notes to vote in favour of the Special Resolution referred to above.

The explanatory memorandum set out in Schedule 1 of this Notice of Meeting (**Explanatory Memorandum**) has also been prepared and issued by the Issuer to provide Holders of Notes with an explanation of the Special Resolution to be proposed and considered at the Meeting. This Notice of Meeting should be read in conjunction with the Explanatory Memorandum.

Before making a decision to vote in relation to the Special Resolution, Holders of Notes should carefully consider all of the information in the accompanying Explanatory Memorandum.

Terms and abbreviations used in this Notice of Meeting and in the Explanatory Memorandum that are not otherwise defined, have the meanings given in Attachment A to the Explanatory Memorandum.

4 Special Resolution

All Holders of Notes are requested to consider and, if thought fit, to approve the following Special Resolution proposed by the Issuer:

“That the Holders of Notes irrevocably and unconditionally:

- (a) consent to and approve the variation of their rights attaching to the Notes by an amendment to the terms of the Trust Deed on the terms set out in section 2.1 of the Explanatory Memorandum;*
 - (b) consent to each of the Issuer and the Trustee entering into all documents necessary, and directing the Registrar to take such steps as are necessary, to give effect to the matters in (a) above; and*
-

- (c) *acknowledge that terms used in this Special Resolution shall have the meanings given to them in the Explanatory Memorandum.*"

Provided any two holders, who between them hold at least 5% of the Face Value of all Notes on issue are present (in person or by attorney, proxy or, if applicable, duly authorised representative) when the Meeting begins, the Special Resolution will be passed if approved by a majority of 75% or more of votes cast by Holders of Notes who are present at the Meeting (in person or by attorney, proxy or, if applicable, duly authorised representative), based on a show of hands, or if a poll is demanded, based on the votes cast.

5 Entitlement to vote

Holders of Notes are entitled to vote at the Meeting if they are shown in the Register of Notes to be a Holder of Notes as at 9:00am (Sydney time) on Friday, 22 November 2019 and, in the case of Holders who intend to vote by proxy, they have lodged the Proxy Form accompanying this Notice of Meeting (and any power of attorney under which it is signed) with Boardroom Pty Limited ABN 14 003 209 83 (in its capacity as Registrar of the Notes) no later than 9:00am (Sydney time) on Wednesday, 20 November 2019 (being 48 hours before the commencement of the Meeting).

6 How to vote

Holders of Notes are entitled to vote at the Meeting in one of three ways.

By proxy

If a Holder of Notes wishes to appoint a proxy to attend and vote on their behalf at the Meeting, they can do so by completing the Proxy Form accompanying this Notice of Meeting, and returning it (and any power of attorney under which it is signed) to Boardroom Pty Limited (in its capacity as Registrar of the Notes) online (in accordance with the instructions in the Proxy Form), by mail to GPO Box 3993, Sydney NSW 2001, in person to Grosvenor Place, Level 12, 225 George Street, Sydney NSW 2000 or by fax to +612 9290 9655 by 9:00am (Sydney time) on Wednesday, 20 November 2019 (being 48 hours before the commencement of the Meeting). Any Proxy Form (or any power of attorney under which it is signed) received by the Registrar after that time will not be valid for the purposes of the Meeting. Where a body corporate is appointed as proxy for a Holder, the representative of that body corporate attending the Meeting must have provided to the Registrar an "Appointment of Corporate Representative" where possible by 9:00am (Sydney time) on Wednesday 20 November 2019 (and otherwise prior to admission). An Appointment of Corporate Representative form can be obtained from the Registrar.

For further instructions on voting by proxy, please refer to the Proxy Form.

By attorney or authorised representative

If an individual or corporate Holder of Notes wishes to appoint an attorney to attend the Meeting and vote on its behalf, the relevant power of attorney must be lodged (or a certified copy lodged) with the Registrar by mail to GPO Box 3993, Sydney NSW 2001, in person to Grosvenor Place, Level 12, 225 George Street Sydney NSW 2000 or by fax to +612 9290 9655 by 9:00am (Sydney time) on Wednesday, 20 November 2019 (being 48 hours before the commencement of the Meeting). Any power of attorney received by the Registrar after this time will not be valid for the purposes of the Meeting. Where a corporate Holder of Notes wishes to appoint a representative of that corporate to attend the Meeting, an Appointment of Corporate Representative form must have provided to the

Registrar where possible by 9:00am (Sydney time) on Wednesday 20 November 2019 (and otherwise prior to admission).

In person

If an individual Holder of Notes wishes to attend and vote at the Meeting in person, they can do so by attending the Meeting venue at least 30 minutes prior to its commencement and providing to the Registrar their name and address so that the Registrar can identify them on the register of Notes prior to the commencement of the Meeting.

7 No investment advice

The information contained in this Notice of Meeting and Explanatory Memorandum is provided by the Issuer, which does not, and is not required to, hold an Australian financial services licence. The information contained in this Notice of Meeting and Explanatory Memorandum does not constitute financial product advice however, to the extent financial product advice is provided, such advice is general advice only and has been prepared without taking into account any Holder of Notes' objectives, financial situation, taxation position or needs. Before acting on any such advice or making any decision on how to vote on the Special Resolution, Holders of Notes should consider whether the advice is appropriate for their circumstances. Where available, Holders of Notes should obtain a copy of, and consider, this and any other relevant disclosure documentation before making any decision in relation to Notes.

Neither the Issuer nor the Trustee is providing any taxation, legal or other advice regarding the proposed amendment or Special Resolution. It is important that you read this Notice of Meeting and Explanatory Memorandum in their entirety before making any decision on how to vote on the Special Resolution contained within. If you are in any doubt, you should consult your professional adviser and make (and shall be taken to have made) your own independent investigation as to the suitability of the proposed amendment in your own particular circumstances.

8 Trustee not responsible

The Trustee has not received the Explanatory Memorandum on behalf of the Holders of Notes and:

- makes no representation to the Holders of Notes in respect of; and
- does not accept any responsibility or liability for,

the accuracy of the information set out in this Notice of Meeting or the Explanatory Memorandum.

The Trustee's liability under or in connection with the Trust Deed, including the provisions in the Trust Deed that will governing the Meeting, is limited in accordance with clause 14.1 of the Trust Deed. A copy of the Trust Deed is available from NSC on request.

9 Questions

If you have any questions about your holding of Notes or this Notice of Meeting and/or the Explanatory Memorandum, please consult your own professional adviser. Alternatively, please contact the following:

NAOS Small Cap Opportunities Company Limited

- if you wish to contact the Registrar, Boardroom Pty Limited ABN 14 003 209 83, for further information, call 1300 737 760 within Australia or +61 2 9290 9600 outside Australia or email enquiries@boardroomlimited.com.au; and
- for questions regarding the process (including the submission of a Proxy Form) or this Notice of Meeting, please email enquiries@naos.com.au.

Holders of Notes may also contact Emma Simson, Acacia Partners Pty Limited (ABN 49 607 046 391/AFSL 480585), by email at esimson@acaciapartners.com.au or by telephone on +61 3 9639 1920.

This Notice of Meeting is dated 22 October 2019.

SIGNED for and on behalf of NAOS Small Cap Opportunities Company Limited

by

Signature



Company Secretary

Print name

Laura Newell

Date

22 October 2019

Schedule 1 Explanatory Memorandum

IMPORTANT INFORMATION**Explanatory Memorandum**

This Explanatory Memorandum has been prepared for the Holders of Notes in connection with the Meeting to be held on Friday, 22 November 2019. The purpose of this Explanatory Memorandum is to provide the Holders of Notes with important explanatory information that NSC believes to be material to deciding whether or not to approve the Special Resolution detailed in the Notice of Meeting.

This Explanatory Memorandum forms part of the accompanying Notice of Meeting and should be read in conjunction with it.

Board of Directors

In considering whether to vote in favour of the Special Resolution, the Board of Directors of NSC encourages you to:

- carefully read the whole of this Explanatory Memorandum;
- have regard to your individual risk profile, portfolio strategy, taxation position and financial circumstances; and
- obtain financial advice from your broker or financial adviser on the Restructure Proposal and obtain taxation advice on the effect of the Restructure Proposal being implemented.

They also encourage you to attend the meeting and vote in person or by proxy.

Not an offer

This Explanatory Memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Notes have not been, and will not be, registered under the United States Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

Definitions

Terms and abbreviations used in the Notice of Meeting and Explanatory Memorandum are defined in Attachment A to this Explanatory Memorandum.

1 Important Information on the Restructure Proposal

1.1 The Restructure Proposal

NAOS Small Cap Opportunities Company Limited, ABN 47 107 617 381 (**NSC**) is putting forward a proposal (**Restructure Proposal**) which would grant NSC a right to Redeem Notes at any time prior to their scheduled Maturity Date on 31 March 2020 for an amount inclusive of Face Value, any accrued Interest up to the applicable Redemption Date and the Make Whole Payment (**Optional Redemption Right**).

The Make Whole Payment is an amount equal to the Interest that would have been paid under the existing Terms for the period from (and including) the Redemption Date to (but excluding) the Maturity Date. A Make Whole Payment will only be payable if the Restructure Proposal is approved and if NSC exercises the Optional Redemption Right granted to it.

A Meeting of Holders of Notes will be convened to vote on changes to the rights of Holders of Notes that will be necessary to implement the Restructure Proposal.

1.2 Why is NSC proposing these changes?

The purpose of the Restructure Proposal is to allow NSC to effectively refinance the Notes early, reducing the risk that NSC is unable to refinance the Notes at the Maturity Date.

1.3 What happens if the vote does not pass?

If the vote is not passed, NSC will not have the option to Redeem your Notes and will consider alternative refinancing strategies. If the Optional Redemption Right is not exercised then you will also not be entitled to your share of the Make Whole Payment. The Maturity Date will remain unchanged at 31 March 2020.

1.4 Board recommendation

As explained further in section 3.1 below, the NSC Board unanimously recommends that you vote in favour of the Restructure Proposal. You are not obliged to follow the unanimous recommendation of the Board. Sections 3 and 4 set out various advantages and disadvantages which the NSC Board encourages you to read in considering how to vote.

1.5 Personal interests of Directors

The Directors of NSC have relevant interests (held directly, indirectly, beneficially and including their personal related entities) in the following securities of NSC:

| As at 22 October 2019 | Notes | Shares |
|-----------------------|-------|-----------|
| Trevor Carroll | Nil | 173,323 |
| Sebastian Evans | Nil | 1,158,500 |
| Warwick Evans | Nil | 432,669 |
| David Rickards | Nil | 301,957 |

The above Director shareholdings are accurate as at 22 October 2019 but may be subject to change prior to the Meeting of Holders.

1.6 Impact of the Restructure Proposal on NSC if the vote is passed

The Restructure Proposal, if approved, will provide NSC with greater flexibility to refinance the Notes.

If the Special Resolution to approve the Restructure Proposal is passed, NSC intends to undertake an offer of unlisted notes (**OTC Notes**) to wholesale investors and to use the proceeds of such an issue to redeem the Notes. The Company does not guarantee or provide any assurance that it will complete an offer of OTC Notes or that it will exercise its right to Redeem Notes early. OTC Notes are not expected to have any right to convert to ordinary shares of NSC.

Holdings who do not wish to participate in the redemption of the Notes under the Restructure Proposal will be entitled to convert their Notes to ordinary shares by lodging a Conversion Notice any time prior to the date the Notes are to be redeemed.

The Board believes it is very unlikely that the market price of ordinary shares will approach or exceed the Conversion Price prior to the Maturity Date, in which case the exercise by a Holder of its conversion rights is unlikely to be beneficial for the relevant Holder.

Holdings who are nevertheless considering exercising their conversion rights after receiving this Notice of Meeting should consider the price of NSC ordinary shares, the underlying net tangible asset backing of ordinary shares, the Conversion Price of \$1.30 and obtain financial advice from your broker or financial adviser prior to requesting conversion of the Notes.

1.7 If Notes are refinanced with OTC Notes can I participate?

No disclosure document is intended to be lodged with ASIC or ASX in respect of any potential offer of OTC Notes. Accordingly, NSC will only offer OTC Notes to sophisticated investors under section 708(8) of the Corporations Act or if the offer or invitation does not otherwise require disclosure to investors under Part 6D.2 or Chapter 7 of the Corporations Act (**Wholesale Exemption**).

Holdings who are sophisticated investors for the purpose of section 708(8) of the Corporations Act or otherwise meet the Wholesale Exemption requirements may register their interest in participating in the potential offer of OTC Notes with their participating broker or with Acacia Partners Pty Limited (ABN 49 607 046 391/AFSL 480585) (**Acacia Partners**) via email to esimson@acaciapartners.com.au. You are strongly encouraged to obtain financial advice from your broker or financial adviser prior to committing to any potential investment in the OTC Notes.

1.8 Holder approval

Implementation of the Restructure Proposal will require a variation of the rights attached to the Notes, which can only proceed with the approval of Holdings of Notes by way of Special Resolution.

Section 2.1 sets out the Special Resolution which, if passed, will allow for the Restructure Proposal to go ahead by amending the rights attached to the Notes under the Trust Deed. Provided any two holders, who between them hold at least 5% of the Face Value of all Notes on issue are present (in person or by attorney, proxy or, if applicable, duly authorised representative) when the Meeting begins, the Special Resolution will be passed if approved by a majority of 75% or more of votes cast on the resolution by Holders of Notes who are present at the Meeting (in person or by proxy, attorney or duly authorised representative, as applicable), based on a show of hands, or if a poll is demanded, based on the votes cast.

1.9 Timing

The indicative timetable for the Restructure Proposal is as follows (all times are Sydney times):

| Event | Date |
|---|-----------------------------------|
| ASX announcement of Restructure Proposal | Tuesday 22 October 2019 |
| Notice of Meeting issued to Holders of Notes | Tuesday 22 October 2019 |
| Deadline for lodging Proxy Forms | 9:00am Wednesday 20 November 2019 |
| Meeting of Holders of Notes | 9:00am Friday 22 November 2019 |
| ASX announcement of outcome of vote on the Restructure Proposal | Friday 22 November 2019 |

NSC reserves the right to amend this timetable at any time and for any reason. Any amendment will be notified to Holders of Notes via an announcement to ASX.

1.10 Disclosure of Information

NSC is subject to regular disclosure and reporting obligations under the ASX Listing Rules and the Corporations Act.

As a company listed on the ASX, NSC is under an obligation, subject to certain exceptions, to immediately disclose any information which NSC has that a reasonable person would expect to have a material effect on the price or value of NSC's securities.

Copies of information disclosed by NSC under its disclosure and reporting obligations is available on ASX's website at www.asx.com.au.

2 Special Resolution

2.1 Amendment to be approved by Special Resolution

The proposed amendment to the Trust Deed to implement the Restructure Proposal, which is to be approved by Special Resolution, is the insertion of the following new clauses 5.2(e), (f), (g) and (h) after clause 5.2(d) of the terms of the Notes, as set out in Schedule 1 of the Trust Deed:

- “(e) On any Business Day, the Issuer may Redeem all (but not some) of the Notes in whole before their Maturity Date at their Face Value together with:
- (i) any Interest accrued on those Notes to (but excluding) the applicable Redemption Date; and
 - (ii) any Interest that would have accrued on those Notes from (and including) the applicable Redemption Date to (but excluding) the Maturity Date (in aggregate, the **Make Whole Payment**);
- (f) The Issuer may exercise its right under clause 5.2(e) to Redeem the Notes if, and only if the Issuer has given not less than 10 Business Days' notice in writing to the Trustee, the Holders and ASX (and any other stock exchange or other relevant authority on which the Notes are quoted) of its intention to Redeem the Notes (**Optional Redemption Notice**);
- (g) If an Optional Redemption Notice is given by the Issuer under clause 5.2(f), the notice will be effective (and Redemption will occur) on such date as specified by the Issuer in the Optional Redemption Notice; and
- (h) If, prior to Redemption of the Notes taking place pursuant to an Optional Redemption Notice, a Holder delivers a Conversion Notice for some or all of its Notes, that Conversion Notice will prevail for the Notes that are the subject of the Conversion Notice.”

2.2 Copy of Amending Deed

Subject to the Special Resolution having been passed, the supplemental trust deed implementing the above changes (**Amending Deed**) will take effect after the Special Resolution has been passed. NSC will provide a copy of the Amending Deed free of charge to any Note Holder who requests a copy.

3 Key reasons to vote in favour of the Special Resolution

3.1 Board recommendation

The Board unanimously recommends that you vote in favour of the Special Resolution. In reaching their recommendation, the Board has considered:

- the advantages of the Restructure Proposal, as set out in section 3;

- the disadvantages of the Restructure Proposal, as set out in section 4; and
- the other relevant considerations set out in this Explanatory Memorandum.

3.2 If NSC exercises its Optional Redemption Right you will receive the Make Whole Payment

If NSC exercises its Optional Redemption Right you will receive the total funds that would otherwise have been due to you by the Maturity Date, in a single upfront payment, without having to hold your Notes until the Maturity Date.

3.3 NSC will have greater flexibility to undertake a refinancing of the Notes

Allowing NSC to repay the Notes early is expected to simplify the refinancing of the Notes, providing greater certainty to Holders.

3.4 Conversion unlikely to be beneficial to Holders

The last price of ordinary shares in NSC traded on ASX on 16 October 2019 was \$0.74. The current Conversion Price of \$1.30 represents a premium of 75.68% to this price. In light of this premium and the short period until the Maturity Date the Board believes it is very unlikely that the market price of ordinary shares will approach or exceed the Conversion Price prior to the Maturity Date, in which case exercise of Holder conversion rights is unlikely to benefit Holders.

4 Reasons why you may consider voting against the Special Resolution

4.1 Disagree with the recommendation of the Board

Despite the unanimous recommendation of the Board to vote in favour of the Special Resolution, you may believe that the Restructure Proposal is not in your best interests having regard to your individual circumstances and professional advice. You are not obliged to follow the unanimous recommendation of the Board.

4.2 Loss of conversion rights

If Notes are redeemed prior to the Maturity Date, you may lose the benefit of potential participation in gains in the NSC share price, should the NSC share price exceed the Conversion Price of \$1.30 prior to the Maturity Date. For the reasons given above, the Board believes it is very unlikely that the market price of ordinary shares will approach or exceed the Conversion Price prior to the Maturity Date, in which case loss of these conversion rights are unlikely to materially disadvantage Holders.

5 Note Holder Meeting and how to vote

5.1 Note Holder Meeting

NSC is holding a meeting of Holders of Notes at 9:00am (Sydney time) on Friday, 22 November 2019. At the Meeting, Holders of Notes will be asked to approve the Special Resolution. The terms of the Special Resolution to be considered at the Meeting are contained in the Notice of Meeting.

5.2 Am I able to vote at the Meeting?

You are entitled to vote at the Meeting if you are a Holder of Notes as at 9:00am (Sydney time) on Friday, 22 November 2019.

Instructions on how to attend and vote at the Meeting (in person or by attorney, authorised representative or proxy) are set out in the Notice of Meeting.

Voting is not compulsory. However, the Board unanimously recommends that Holders of Notes vote in favour of the Special Resolution. Despite the unanimous recommendation of the Board to vote in favour of the Special Resolution, you may believe that the Restructure Proposal is not in your best interests having regard to your individual circumstances and professional advice. You are not obliged to follow the unanimous recommendation of the Board.

The results of the Meeting will be available as soon as possible after the conclusion of the Meeting and will be announced to ASX once available. The results will also be published online at www.naos.com.au.

5.3 Special Resolution approval requirements

Provided any two holders, who between them hold at least 5% of the Face Value of all Notes on issue are present (in person or by attorney, proxy or, if applicable, duly authorised representative) when the Meeting begins, the Special Resolution will be passed if approved by a majority of 75% or more of votes cast on the resolution by Holders of Notes who are present at the Meeting (in person or by proxy, attorney or duly authorised representative, as applicable), based on a show of hands, or if a poll is demanded, based on the votes cast.

The Restructure Proposal will only proceed if the Special Resolution is approved.

6 Important notices

You should note the following important matters:

6.1 Currency of information

The information contained in this Explanatory Memorandum is prepared as of the date it is issued and stated on the first page (**Preparation Date**). Neither the delivery of this Explanatory Memorandum nor any other action in respect of it at any time implies that the information contained in it (or incorporated by reference) is correct at any time subsequent to

the Preparation Date or that any other information supplied in connection with the Notes is correct or that there has not been any change (adverse or otherwise) in the financial conditions or affairs of the Issuer as of any time subsequent to the Preparation Date.

6.2 Risks

Neither this Explanatory Memorandum nor any other information supplied in connection with the Restructure Proposal describes the risks of a continued investment in the Notes. All parties should consult their own professional, financial, legal and tax advisers about risks associated with an investment or decision in light of their particular circumstances.

6.3 Forward-looking statements

This Explanatory Memorandum and the other materials provided in connection with the Restructure Proposal may contain forward-looking statements. All statements that address expectations or projections about the future are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. Neither NSC nor its directors, officers, employees, agents, affiliates, advisers or representatives nor any other person guarantees that these assumptions and expectations are accurate or will be realised. The actual results could thus differ materially from those projected in any such forward-looking statements. Neither NSC nor its directors, officers, employees, agents, affiliates, advisers or representatives nor any other person assumes any responsibility to amend, modify or revise any forward-looking statements on the basis of any subsequent developments, information or events.

6.4 No investment advice

The information contained in this Explanatory Memorandum is provided by NSC, which does not, and is not required to, hold an Australian financial services licence. The information contained in this Explanatory Memorandum does not constitute financial product advice however, to the extent financial product advice is provided, such advice is general advice only and has been prepared without taking into account the objectives, financial situation, taxation position or needs of any Holder. Before acting on any such advice or making any decision on how to vote on the Special Resolution, Holders should consider whether the advice is appropriate for their circumstances. Where available, Holders should obtain a copy of, and consider, this and any other relevant disclosure documentation before making any decision in relation to Notes.

The Issuer is not providing any taxation, legal or other advice regarding the proposed amendment or Special Resolution. It is important that you read this Explanatory Memorandum and the Notice of Meeting in their entirety before making any decision on how to vote on the Special Resolution contained within. If you are in any doubt, you should consult your professional adviser and make (and shall be taken to have made) your own independent investigation as to the suitability of the proposed amendment in your own particular circumstances.

6.5 Interests of advisers

Acacia Partners Pty Limited (**Acacia Partners**) has been retained by NSC to assist in the restructure and the proposed OTC Notes issue and will receive fees for its services. Family

accounts associated with directors of Acacia Partners are Holders of Notes and have committed to vote in favour of the Restructure Proposal.

Attachment A **Glossary and interpretation**

1 **Definitions**

The meanings of the terms used in the Notice of Meeting and this Explanatory Memorandum are set out below.

ASIC means the Australian Securities & Investments Commission.

ASX means as the context requires, ASX Limited ACN 008 624 691 or the securities market conducted by it.

ASX Listing Rules means the listing rules of the ASX as amended from time to time.

Board means the board of directors of NSC.

Conversion Notice means a notice of conversion given in accordance with the Trust Deed.

Conversion Price means \$1.30.

Explanatory Memorandum means this document, as set out in Schedule 1 to the Notice of Meeting, including the annexures to it.

Face Value means the nominal principal amount of each Note, being \$100.

Holder of Notes means each person who is registered on the register of Notes as the holder of a Note.

Interest means the interest payable from time to time in respect of a Note.

Make Whole Payment means an amount equal to the Interest that would have been paid on the Notes under the existing Terms for the period from (and including) the Redemption Date to (but excluding) the Maturity Date.

Maturity Date means 31 March 2020.

Meeting means the meeting of Holders of Notes to be held at 9:00am (Sydney time) on Friday, 22 November 2019 at Gilbert + Tobin, L35, Tower Two, International Towers Sydney, 200 Barangaroo Avenue, Barangaroo NSW 2000, at which Holders of Notes will vote on the Special Resolution.

Notes means the convertible bonds issued under the Trust Deed known as “Notes”.

Notice of Meeting means the notice of meeting relating to the Meeting to which this Explanatory Memorandum is attached.

NSC means NAOS Small Cap Opportunities Company Limited ABN 47 107 617 381.

Optional Redemption Right means, subject to the Special Resolution being passed, NSC's right to Redeem Notes at any time prior to their scheduled Maturity Date on 31 March 2020 for an amount inclusive of Face Value, any accrued Interest up to the applicable Redemption Date and the Make Whole Payment

Proxy Form means the proxy form accompanying the Notice of Meeting.

Redemption means the redemption of a Note in accordance with the Trust Deed and the words **Redeem** and **Redeemed** have a similar expression.

Registry means Boardroom Pty Limited ABN 14 003 209 83.

Restructure Proposal means the proposal to amend the terms of the Notes, as detailed in this Explanatory Memorandum.

Special Resolution means the resolution set out in the Notice of Meeting.

Terms in relation to a Note, the terms of issue of that Note as set out in Schedule 1 of the Trust Deed.

Trust Deed means the deed entitled "Trust Deed relating to the Contango Convertible Note Trust (2014)" dated 26 November 2014 between the Issuer and the Trustee.

Trustee means Equity Trustees Limited ABN 46 004 031 298.

Wholesale Exemption has the meaning given in paragraph 1.7 of this Explanatory Memorandum.

2 Interpretation

In this Explanatory Memorandum and the Notice of Meeting, unless the context otherwise requires or appears:

- (a) Other words and phrases not in the glossary have the same meaning (if any) given to them in the Corporations Act.
- (b) Words of any gender include all genders.
- (c) Words importing the singular include the plural and vice versa.
- (d) An expression importing a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa.
- (e) A reference to a Section or Annexure is a reference to a section or annexure of this Explanatory Memorandum as relevant.
- (f) A reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them.
- (g) Headings and bold type are for convenience only and do not affect the interpretation of this Explanatory Memorandum.
- (h) A reference to time is a reference to Sydney time.
- (i) A reference to dollars, \$, A\$, \$, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.

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 9:00am (Sydney Time) on Wednesday 20 November 2019.**

 **TO VOTE ONLINE** **BY SMARTPHONE**

- STEP 1: VISIT** <https://www.votingonline.com.au/nscggm19>
- STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)**
- STEP 3: Enter your Voting Access Code (VAC):**



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 securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Default to Chair of the Meeting

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who intends to vote those proxies in favour of each of the items of business.

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" where possible, at least 48 hours before the commencement of the Meeting or otherwise, 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 Proxy 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 Proxy Form when you return it.
Companies: this Proxy 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 Proxy 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 by **9:00am (Sydney Time) on Wednesday 20 November 2019.** 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** <https://www.votingonline.com.au/nscggm19>
-  **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 Proxy Form with you to assist registration.

NAOS Small Cap Opportunities Company Limited

ABN 47 107 617 381

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 Proxy Form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a Holder of Contango Convertible Notes issued by **NAOS Small Cap Opportunities Company 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 securityholder) 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 Meeting of the Holders of the Contango Convertible Notes to be held at **Gilbert + Tobin, Level 35, 200 Barangaroo Ave, Barangaroo NSW 2000 on Friday, 22 November 2019 at 9:00am (Sydney Time)** 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.

The Chair of the Meeting intends to vote undirected proxies in favour of each of the items of business.

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 | To amend the Trust Deed relating to the Contango Convertible Note Trust Deed (2014) in accordance with the Special Resolution set out in the notice of the above Meeting. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

This Proxy Form should be signed by the Holder. If a joint holding, either Holder may sign. If this Proxy Form is signed by the Holder's attorney, the Power of Attorney under which the Proxy Form is signed must have been previously lodged with the registry or a certified photocopy attached to this Proxy Form. If executed by a company, the Proxy Form must be executed in accordance with the company's constitution and Sections 127(1) or 127(2) of the Corporations Act 2001 (Cth).

Contact Name.....

Contact Daytime Telephone.....

Date / / 2019