

Cellnet Group Limited

ACN 010 721 749

Notice of Annual General Meeting to be held at:

Date: Thursday, 22 October 2020
Time: 10am (Brisbane time)
Location: Virtually via an online platform provided by the Company's share registry, Link Market Services Limited at <https://agmlive.link/CLTAGM20>

This is an important document and requires your attention

If you are in any doubt about how to deal with this Notice, please consult your legal, financial or other professional advisor.

The Directors have determined, pursuant to Regulation 7.11.37 of the Regulations that persons eligible to vote at the Annual General Meeting are those who are registered as Shareholders at 7pm (Sydney time) on 20 October 2020.

A copy of this Notice and the Explanatory Memorandum were provided to the ASX on 7 September 2020 in accordance with Listing Rule 15.1.

A copy of this Notice and the Explanatory Memorandum were provided to the ASIC on 21 September 2020 in accordance with section 256C(5) of the Corporations Act.

Neither the ASX nor ASIC, nor any of their officers, take any responsibility for the content of this Notice or the Explanatory Memorandum.

Notice of Annual General Meeting

Notice is given that the Annual General Meeting of Cellnet Group Limited ACN 010 721 749 (**Company**) will be held as a virtual meeting on Friday, 22 October 2020 at 10:00 am (Brisbane time) and the Company will provide Shareholders with the opportunity to participate in the Annual General Meeting virtually through an online platform provided by the Company's share registry, Link Market Services Limited at <https://agmlive.link/CLTAGM20>. Further information as to how to do this is set out in this Notice and the Online Platform Guide available on the Company's website.

The business to be considered at the Annual General Meeting is set out below. This Notice should be read in conjunction with the accompanying Explanatory Memorandum. Terms used in this Notice and the Explanatory Memorandum are defined in the glossary set out in the notes to this Notice. A proxy form also accompanies this Notice.

Agenda

Ordinary business

1. Financial statements and reports

To receive and consider the Financial Report, Director's Report and Audit Report for the Company and its controlled entities for the financial year ended 30 June 2020.

Resolution 1. Adoption of the Remuneration Report

To consider, and if thought fit, to pass Resolution 1 as a non-binding ordinary Resolution under section 250R (2) of the Corporations Act:

'That the Remuneration Report for the year ended 30 June 2020 be adopted.'

Notes:

- (a) Resolution 1 is advisory only and does not bind the Company or the Directors.
- (b) If 25% or more of votes that are cast are voted against the Remuneration Report at two consecutive Annual General Meetings, Shareholders will be required to vote at the second of those Annual General Meetings on a resolution (a 'spill resolution') that another meeting of the Shareholders be held within 90 days at which all of the Directors (other than the Managing Director) must stand for re-election.

Special Business

Resolution 2. - Re-election of Mr. Giles Karhan as a Director

To consider and if thought fit, to pass Resolution 2 as an ordinary Resolution:

'That Mr. Giles Karhan, a non-executive Director having been appointed to fill a casual vacancy, retires as required in accordance with clause 16.4(b) of the Constitution and, being eligible, having offered himself for re-election, be re-elected a Director.'

Resolution 3. - Re-election of Mr. Brian Danos as a Director

To consider and if thought fit, to pass Resolution 3 as an ordinary Resolution:

'That Mr. Brian Danos, a non-executive Director having been appointed to fill a casual vacancy, retires as required in accordance with clause 16.4(b) of the Constitution and, being eligible, having offered himself for re-election, be re-elected a Director.'

Resolution 4. - Re-election of Mr. Michael Wendt as a Director

To consider and if thought fit, to pass Resolution 4 as an ordinary Resolution:

'That Mr. Michael Wendt, a non-executive Director retiring by rotation in accordance with the Constitution and the Listing Rules and being eligible for re-election, be re-elected as a Director.'

Resolution 5. – Grant of Options to Mr. Michael Wendt

To consider, and if thought fit, to pass Resolution 5 as an ordinary Resolution:

'That for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders authorise the Directors to:

- (a) grant 5,000,000 Options to Mr. Wendt or his nominee on the terms set out in the Explanatory Memorandum; and*
- (b) issue and allot 5,000,000 Shares to Mr. Wendt or his nominee on exercise of the Options in accordance with the terms and conditions of the grant.'*

Resolution 6. – Grant of Options to Mr. Kevin Gilmore

To consider, and if thought fit, to pass Resolution 6 as an ordinary Resolution:

'That for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders authorise the Directors to:

- (a) grant 5,000,000 Options to Mr. Gilmore or his nominee on the terms set out in the Explanatory Memorandum; and*
- (b) issue and allot 5,000,000 Shares to Mr. Gilmore or his nominee on exercise of the Options in accordance with the terms and conditions of the grant.'*

Resolution 7. – Grant of Options to Mr. Tony Pearson

To consider, and if thought fit, to pass Resolution 7 as an ordinary Resolution:

'That for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders authorise the Directors to:

- (a) grant 5,000,000 Options to Mr. Pearson or his nominee on the terms set out in the Explanatory Memorandum; and*
- (b) issue and allot 5,000,000 Shares to Mr. Pearson or his nominee on exercise of the Options in accordance with the terms and conditions of the grant.'*

Resolution 8. - Approval of Performance Rights Plan and subsequent issues of securities under the Performance Rights Plan

To consider, and if thought fit, to pass Resolution 8 as an ordinary resolution:

'That, for the purposes of Listing Rule 7.2 (Exception 13) and for all other purposes, approval be given to the Performance Rights Plan and the subsequent issue of securities under that plan on the basis set out in the Explanatory Notes.'

Resolution 9. - Approval of Additional Capacity to Issue Shares

To consider and, if thought fit, pass the Resolution 9 as a special resolution:

'That for the purposes of Listing Rule 7.1A and for all other purposes, Shareholder approval is given for the issue of Shares by the Company pursuant to Listing Rule 7.1A, such that, subject to the conditions described in the Explanatory Memorandum, the Company will have the benefit of the additional capacity to issue Shares as contemplated by Listing Rule 7.1A.'

Resolution 10. - Approval to make a selective reduction of capital – Mr. Tony Pearson

To consider and, if thought fit, pass Resolution 10 as a special resolution:

'It is resolved that, subject to the approval of Mr. Tony Pearson at the Special General Meeting, in accordance with section 256C(2) of the Corporations Act and for all other purposes, approval is given for the Company to undertake a capital reduction and cancel 875,000 Shares held by Mr. Tony Pearson, on the terms and conditions and for the purpose set out in the Explanatory Memorandum accompanying this Notice.'

Resolution 11. - Issue of Shares to a Director in lieu of Director's bonus – Mr. Tony Pearson

To consider and, if thought fit, pass Resolution 11 as an ordinary resolution:

'That, subject to passing of Resolution 10 at the Annual General Meeting and Resolution 1 at the

Special General Meeting, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholder approval is given for the issue of 875,000 Shares to Mr. Tony Pearson on the terms set out in the Explanatory Memorandum.'

Resolution 12. – Amendment to the Constitution

To consider and, if thought fit, pass Resolution 12 as a special resolution:

'That for the purposes of section 136(2) of the Corporations Act, the Constitution be amended by making the amendment contained in the Explanatory Memorandum with effect from the date upon Shareholders vote in favour of this Resolution.'

Dated: 22 September 2020

By order of the Board

Chris Barnes
Company Secretary

Notes

1. Under regulation 7.11.37 of the Regulations, the Directors have determined the shareholding of each Shareholder for the purposes of ascertaining their voting entitlements at the Annual General Meeting will be as it appears in the register of Shareholders at 7pm (Sydney time) on 20 October 2020.
2. Votes at the Annual General Meeting may be given personally or by proxy, attorney or corporate representative. A Shareholder entitled to attend and vote at the Annual General Meeting has the right to appoint no more than two proxies.
3. A body corporate that is a Shareholder may appoint an individual to act as its representative at the Annual General Meeting in accordance with section 250D of the Corporations Act. The Company will require a certificate of appointment of the corporate representative, executed in accordance with the Corporations Act. The certificate of appointment must be lodged with Link Market Services Limited before the Annual General Meeting. Please contact the Company or Link Market Services Limited on 1300 554 474 to obtain a certificate of appointment.
4. A Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
5. If the Shareholder appoints two proxies and the appointment does not specify the proportion or the number of the Shareholder's votes each proxy may exercise, each proxy may exercise one half of the Shareholder's votes. If the Shareholder appoints two proxies, neither proxy may vote on a show of hands.
6. A proxy form is attached to this Notice. A proxy need not be a Shareholder.
7. A proxy form must be signed by the Shareholder or his or her power of attorney who has not received any notice of revocation of the authority. Proxies given by corporations must be signed by a director, company secretary, sole director and sole company secretary or under the hand of a duly authorized officer or attorney.
8. The proxy form (and any power of attorney under which it is signed) must be received by Link Market Services Limited either by:
 - (a) fax to +61 (2) 9287 0309;
 - (b) by mail in the enclosed self-addressed envelope;
 - (c) by lodgement online via www.linkmarketservices.com.au; or
 - (d) by delivery to 1A Homebush Bay Drive, Rhodes NSW 2138,no later than 48 hours before the commencement of the Annual General Meeting, that is by no later than 10am (Brisbane time) on 20 October 2020. Any proxy form received after that time will not be valid for the Annual General Meeting.
9. A member of the Key Management Personnel or their Closely Related Parties must not, whether in person or by proxy, vote in their own right on the adoption of the Remuneration Report in Resolution 1.
10. A person appointed as proxy may vote or abstain from voting as he or she thinks fit except in the following circumstances:
 - (a) the proxy holds a Directed Proxy Form;
 - (b) where the proxy is voting in relation to a Remuneration Resolution and the proxy is either a member of the Key Management Personnel or a Closely Related Party and holds an Undirected Proxy Form; and
 - (c) the proxy is required by law or the Constitution to vote in a certain manner or abstain from voting.
11. Paragraph 10(b) does not apply if the Chairman of the Annual General Meeting is appointed as proxy and his appointment expressly authorises the Chairman to exercise the proxy even if the

Resolution is a Remuneration Resolution.

12. The Chairman intends to vote all Undirected Proxy Forms in favour of all Resolutions.
13. In accordance with Article 13.5 of the Constitution, the Chairman intends to call a poll on all Resolutions. The Chairman considers voting by poll to be in the interests of the Shareholders as a whole and ensures the views of as many Shareholders as possible are represented at the Annual General Meeting.

14. Note the following voting exclusions:

(a) *Resolution 1 and Resolution 8* - The Company will disregard and not count any votes cast (in any capacity) on Resolution 1 or Resolution 8 by or on behalf of either or both the following persons:

- (i) a member of the Key Management Personnel; or
- (ii) a Closely Related Party of a member of the Key Management Personnel.

However, the Company will not disregard a vote if:

(iii) the person casting the vote:

- 1. does so in relation to a Resolution where they hold a Directed Proxy Form;
- 2. is the Chairman of the Annual General Meeting and is expressly authorised to exercise the proxy even though the Resolution is a Remuneration Resolution; or
- 3. is a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - A. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person excluded from voting on the resolution; and
 - B. the holder votes on the resolution in accordance with the directions given by beneficiary to the holder to vote in that way; and

(iv) the vote is not cast on behalf of a person described in paragraph 14(a)(i) or 14(a)(ii) above.

(b) *Resolution 5, Resolution 6, Resolution 7, and Resolution 11* - The Company will disregard any votes cast on:

- (i) Resolution 5 by Mr. Wendt or any of his associates;
- (ii) Resolution 6 by Mr. Gilmore or any of his associates;
- (iii) Resolution 7 by Mr. Pearson or any of his associates; and
- (iv) Resolution 11 by Mr. Pearson or any of his associates.

However, the Company will not disregard any such vote if:

(v) the person casting the vote:

- 1. does so in relation to a Resolution where they hold a Directed Proxy Form;
- 2. is the Chairman of the Annual General Meeting and is expressly authorised to exercise the proxy even though the Resolution is a Remuneration Resolution; or
- 3. is a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - A. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person excluded from voting on the resolution; and
 - B. the holder votes on the resolution in accordance with the directions given by beneficiary to the holder to vote in that way; and

(vi) the vote is not cast on behalf of a person described in paragraph 14(b)(i), (ii), (iii) or (iv) above.

(c) *Resolution 8* – In accordance with Listing Rule 14.11.1, the Company will disregard

and not count any votes cast (in any capacity) on Resolution 8 by or on behalf of either or both of:

- (i) a person eligible to participate in the PRP; or
- (ii) an associate of any person eligible to participate in the PRP.

However, the Company will not disregard a vote if:

(iii) the person casting the vote:

- 1. does so in relation to a Resolution where they hold a Directed Proxy Form;
- 2. is the Chairman of the Annual General Meeting and is expressly authorised to exercise the proxy even though the Resolution is a Remuneration Resolution; or
- 3. is a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - A. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person excluded from voting on the resolution; and
 - B. the holder votes on the resolution in accordance with the directions given by beneficiary to the holder to vote in that way; and

(iv) the vote is not cast on behalf of a person described in paragraph 14(c)(i) or 14(c)(ii) above.

- (d) Resolution 9 - In accordance with Listing Rule 14.11.1, the Company will disregard and not count any votes cast (in any capacity) on Resolution 9 by a person or an associate of a person who is expected to participate in the proposed issue of Shares or who will obtain a material benefit as a result of the proposed issue, except a benefit solely in the capacity of a holder of Shares, if the resolution is passed. At the date of the Notice, the proposed allottees of the Shares are not known or identified

However, the Company will not disregard a vote if:

(i) the person casting the vote:

- 1. does so in relation to a Resolution where they hold a Directed Proxy Form;
- 2. is the Chairman of the Annual General Meeting and is expressly authorised to exercise the proxy even though the Resolution is a Remuneration Resolution; or
- 3. is a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - A. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person excluded from voting on the resolution; and
 - B. the holder votes on the resolution in accordance with the directions given by beneficiary to the holder to vote in that way; and

(ii) the vote is not cast on behalf of a person described in paragraph 14(d) above.

- (e) Resolution 10 - The Company will disregard any votes cast on Resolution 10 by Mr. Pearson any of his associates.

However, the Company will not disregard a vote if:

(i) the person casting the vote:

- 1. does so in relation to a Resolution where they hold a Directed Proxy Form;
- 2. is the Chairman of the Annual General Meeting and is expressly authorised to exercise the proxy even though the Resolution is a Remuneration Resolution; or
- 3. is a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - A. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person

excluded from voting on the resolution; and

B. the holder votes on the resolution in accordance with the directions given by beneficiary to the holder to vote in that way; and

(ii) the vote is not cast on behalf of a person described in paragraph 14(e) above.

15. In accordance with Article 12.10 of the Constitution, and to facilitate Shareholder participation, the Chairman has determined that Shareholders will have the opportunity to participate in the Annual General Meeting through the Company's online platform at <https://agmlive.link/CLTAGM20>. If Shareholders choose to participate in the Annual General Meeting in this way, Shareholders will be able to view the Annual General Meeting live, lodge a direct vote in real time and ask questions online.
16. Shareholders participating in the Annual General Meeting using the online platform provided by the Company's share registry, Link Market Services Limited will be able to vote between the commencement of the Annual General Meeting (10am (Brisbane time) on Thursday, 22 October 2020) and the closure of voting as announced by the Chairman during the Annual General Meeting.
17. More information regarding online participation at the Annual General Meeting (including how to vote and ask questions online during the Annual General Meeting) is available in the Online Platform Guide. The Online Platform Guide will be lodged with the ASX and will also be available on the Company's website.
18. The virtual meeting is viewable from desktops and laptops. To participate and vote online Shareholders will need a shareholder number and postcode. Proxy holders will need their proxy number which will be provided by Link Market Services Limited no later than 24 hours prior to the Annual General Meeting and following lodgement of the proxy appointment. Shareholders should ensure that their internet browser is compatible, by following the instructions in the Online Platform Guide. The Company recommends confirming this prior to determining whether to participate in the Annual General Meeting using the online platform provided by the Company's share registry, Link Market Services Limited. It is also recommended that Shareholders who elect to participate in the Annual General Meeting through the platform log in the online portal at least 15 minutes prior to the scheduled start time for the Annual General Meeting.
19. The following definitions apply in this Notice and the Explanatory Memorandum that accompanies it:

Annual Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities.

Annual General Meeting means the Annual General Meeting of the Company.

Annual Report means the Directors' Report, the Annual Financial Report and the Auditor's Report on the Company for the financial year ended 30 June 2020.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 125 140 105.

Auditor's Report means the auditor's report on the Financial Report.

Board means the board of Directors.

Closely Related Party means the closely related parties of Key Management Personnel as defined in the Corporations Act, and include certain members of their family, dependents and companies they Control (as defined in section 9 of the Corporations Act).

Company or **CLT** means Cellnet Group Limited ACN 010 721 749.

Constitution means the constitution of the Company.

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

Directed Proxy Form means a proxy form which specifies how a proxy is to vote.

Director means a director of the Company.

Director's Report means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

Eligible Employees means employees of the Company, or subsidiaries of the Company, entitled to participate in the PRP.

Entitlement Offer means the Company's capital raising completed on 3 June 2020.

Explanatory Memorandum means the explanatory memorandum that accompanies this Notice.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

Key Management Personnel has the meaning given to that term in the accounting standards and broadly includes the Directors (whether executive or otherwise) and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Key Management Personnel for the financial year ended 30 June 2020.

Listing Rules means the listing rules of the ASX.

Notice means this notice of the Annual General Meeting.

Option means an option to subscribe for a Share.

Pearson Shares means has the Shares the subject of the Selective Capital Reduction.

Performance Rights Plan or **PRP** means the Company's performance rights plan the subject of Resolution 8.

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

Related Party means a related party for the purposes of Listing Rule 10.1 or chapter 2E of the Corporations Act.

Remuneration Report means the remuneration report in respect of the Company contained in the Director's Report.

Remuneration Resolution means a Resolution connected directly or indirectly with the remuneration of a member of the Key Management Personnel and includes Resolution 1 Resolution 5, Resolution 6, Resolution 7, Resolution 8 and Resolution 11.

Resolution means a resolution contained in this Notice.

Selective Capital Reduction means the selective capital reduction that Shareholders are being asked to approve pursuant to Resolution 10.

Shareholder means a registered holder of Shares.

Shares means fully paid ordinary shares in the Company.

Special General Meeting means the special general meeting pursuant to which Mr. Tony Pearson (as the sole holder of the Pearson Shares) will vote on the Selective Capital Reduction in accordance with section 256C(2) of the Corporations Act.

Trading Day means a day determined by ASX to be a trading day and notified to market participants.

Undirected Proxy Form means a proxy form which does not specify how the proxy is to vote.

VWAP means volume weighted average price as the term is defined in the Listing Rules.

Wentronic Group means Wentronic Holding and its wholly owned subsidiaries.

Wentronic Holding means Wentronic Holding GmbH.

Explanatory Memorandum

This Explanatory Memorandum has been prepared to assist Shareholders with their consideration of resolutions to be put to the Annual General Meeting to be held at 10am on Thursday, 22 October 2020.

These explanatory notes should be read with, and form part of, the accompanying the Notice.

1. Financial statements and reports

The Corporations Act requires the Financial Report, Directors' Report and Audit Report to be laid before the Annual General Meeting. In addition, the Constitution provides for such reports to be received and considered at the Annual General Meeting.

Apart from the matters involving remuneration, which are required to be voted upon, neither the Corporations Act nor the Constitution requires Shareholders to vote on such reports.

However, Shareholders will be given ample opportunity to ask questions or make comments about these reports and the management at the Annual General Meeting.

2. Resolution 1 - Adoption of the Remuneration Report

(a) Introduction

The Remuneration Report for the financial year ended 30 June 2020 is set out in the Annual Report.

In accordance with section 250R (2) of the Corporations Act, Shareholders are asked to adopt the Remuneration Report at the Annual General Meeting.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting. The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

Under the Corporations Act, if 25% or more of the votes that are cast are voted against the adoption of the Remuneration Report at two consecutive Annual General Meetings, Shareholders will be required to vote at the second of those Annual General Meetings on a resolution (a 'spill' resolution) that another meeting of the Shareholders be held within 90 days at which all of the Directors (other than the Managing Director) must go up for re-election.

(b) Voting Exclusion Statement

A voting exclusion applies to Key Management Personnel and their Closely Related Parties in certain circumstances as discussed in the notes to Resolution 1.

(c) Directors' Recommendation

As the Directors have a personal interest in the proposed Resolution 1, they make no recommendations as to how Shareholders should vote on Resolution 1.

3. Resolution 2 - Re-election of Mr. Giles Karhan

(a) Introduction

Mr. Giles Karhan was appointed as a Director on 9 June 2020 to fill a casual vacancy. Under the Constitution and Listing Rule 14.4, a Director appointed to fill a casual vacancy holds office only until the next Annual General Meeting. In accordance with these requirements, Mr. Karhan now retires from the Board and offers himself for re-election.

Mr. Karhan has worked in operations, sales and marketing, and management roles across both equities and funds management for over 20 years. He has worked in both large Australian banks and wealth managers as well as in boutique funds management. He currently is founder and CEO of Rocking Horse Finance Pty Ltd, which accelerates a company's growth prospects and supports cash flow by providing financing against eligible research and development. Mr. Karhan is a keen entrepreneur and has invested in a number of innovative businesses over the past 10 years. He has a wide range of asset management experience with institutional and wholesale clients.

Mr. Karhan has obtained a Bachelor of Arts from the Australian National University (ANU), Graduate Diploma in Finance and Investment (FINSIA) and a Master of Business Administration from University of Technology, Sydney.

(b) Directors' Recommendation

The Directors, with Mr. Karhan abstaining, unanimously recommend that Shareholders vote in favour of Resolution 2.

4. Resolution 3 - Re-election of Mr. Brian Danos

(a) Introduction

Mr. Brian Danos was appointed as a Director on 1 July 2020 to fill a casual vacancy. Under the Constitution and Listing Rule 14.4, a Director appointed to fill a casual vacancy holds office only until the next Annual General Meeting. In accordance with these requirements, Mr. Danos now retires from the Board and offers himself for re-election.

Mr. Danos is the Chief Operations Officer for Wentronic Group. He has held this position since September 2019 and leads the process, supply chain, quality control and international operations for Wentronic Group. From April 2015 to August 2019 he was the General Manager for Wentronic Asia Pacific Limited, a wholly owned subsidiary of Wentronic Holding, where he led the overall operations of the Asian region and directed Wentronic's operations in China in all sourcing and logistical operations. Prior to joining Wentronic Asia Pacific Limited, Mr. Danos held the position as Director of Marketing and Sales at A&L International Holdings, a Hong Kong based private label manufacturer. He has also held senior positions with Philips Consumer Electronic Accessories in both Europe and the United States of America.

Mr. Danos was previously a Director from 16 January 2017 to 3 October 2018.

(b) Directors' Recommendation

The Directors, with Mr. Danos abstaining, unanimously recommend that Shareholders vote in favour of Resolution 3.

5. Resolution 4 - Re-election of Mr. Michael Wendt

(a) Introduction

Clause 17.1 of the Constitution and Listing Rule 14.4 require that at each Annual General Meeting, one-third of the Directors (other than the Managing Director) must retire from office.

Mr. Michael Wendt was re-elected to the Board as a Director by Shareholders at the Annual General Meeting held on 10 October 2017. In accordance with these requirements, Mr. Wendt now retires from the Board and offers himself for re-election.

Mr. Wendt is the Chief Executive Officer of Wentronic Group, a market leading electronic accessory distributor that is headquartered in Braunschweig Germany. Wentronic Group employs over 200 people worldwide and has offices in Germany, Italy, and UK as well as in Hong Kong and China. Mr. Wendt has over 26 years of experience in the international electronic accessory industry and has had roles in sales, marketing and human relations.

(b) Directors' Recommendation

The Directors, with Mr. Wendt abstaining, unanimously recommend that Shareholders vote in favour of Resolution 4.

6. Resolution 5, Resolution 6 and Resolution 7 - Grant of Options to Messrs Michael Wendt, Kevin Gilmore and Tony Pearson in lieu of Directors fees

(a) Introduction

The issue of options to the Directors pursuant to Resolution 5, Resolution 6 and Resolution 7 (**Director Options**) are the result of the agreement of Messrs Wendt, Gilmore and Pearson to forego cash payments for all or part of their directors' fees. The Director Options do not constitute an additional payment to Messrs Wendt, Gilmore or Pearson.

As a result of prevailing economic conditions, Messrs Wendt, Gilmore and Pearson offered to reduce their directors' fees for the 2021 financial year by \$15,000 per annum as means to preserve the Company's cash balances and to align those directors' financial outcomes more closely with the performance of the Company. In return for the reduction in directors' fees, subject to Shareholder approval, the Company would issue the Director Options as described in this section.

Upon receipt of Shareholder approval for the issue of the Director Options, Mr. Pearson's director

fees would reduce for the 2021 financial year from \$50,000 per annum to \$35,000 per annum and the directors' fees of Messrs Gilmore and Wendt would reduce from \$30,000 per annum to \$15,000 per annum.

The proposed grant of the Director Options was announced to the ASX on 1 July 2020. If Shareholder approval is obtained, it is intended that the Director Options will be issued shortly after the Annual General Meeting, but in any event no later than one month after the Annual General Meeting, or any adjournment of the Annual General Meeting.

The Director Options for each of Messrs Wendt, Gilmore and Pearson are exercisable in three tranches as summarised below:

Tranche	Number of Director Options for each Director	Exercise price	Vesting Price ¹	Term
1	1,000,000	\$0.03	\$0.05	Second anniversary of the date of issue
2	2,000,000	\$0.03	\$0.10	Third anniversary of the date of issue
3	2,000,000	\$0.03	\$0.15	Fifth anniversary of the date of issue

(b) Exercise Price

The exercise price for the Options is \$0.03. This represents a 25% discount to the last closing price of the Shares immediately before the Board approved the proposed grant of Options to Messrs Wendt, Gilmore and Pearson (\$0.04 on 25 June 2020). It is also the same price at which Shares were offered under the Entitlement Offer.

(c) Vesting

The Director Options will vest in three tranches, subject to the following vesting conditions, which must be satisfied or waived by the Company:

- (a) the first tranche of 1,000,000 Director Options will vest when the VWAP for the Shares exceeds \$0.05 during the earliest to occur of:
 - i. five (5) consecutive Trading Days on which Shares are traded on the ASX; and
 - ii. 15 Trading Days regardless of whether Shares trade on the ASX on consecutive Trading Days;
- (b) the second tranche of 2,000,000 Director Options will vest when the VWAP for the Shares exceeds \$0.10 during the earliest to occur of:
 - i. five (5) consecutive Trading Days on which Shares are traded on the ASX on the ASX; and
 - ii. 15 Trading Days regardless of whether Shares trade on the ASX on consecutive Trading Days;
- (c) the third tranche of 2,000,000 Options will vest when the VWAP for the Shares exceeds \$0.15 during the earliest to occur of:
 - i. for five (5) consecutive Trading Days on which Shares are traded on the ASX; and
 - ii. 15 Trading Days regardless of whether Shares trade on the ASX on consecutive Trading Days.

Messrs Wendt, Gilmore and Pearson must also be Directors at the time when each relevant vesting condition is satisfied or waived.

The vesting criteria has been modified from what the Company announced on 1 July 2020. The Directors, other than Messrs, Wendt, Gilmore and Pearson, were of the view that the Shares are relatively illiquid and they frequently do not trade for five (5) consecutive Trading Days. If the Director Options could only vest by reference to five (5) consecutive Trading Days on which Shares are traded on the ASX, the circumstances under which Messrs Wendt, Gilmore and Pearson might be able to exercise the Director Options may be limited.

¹ As described in paragraph 6(c) of this Explanatory Memorandum.

(d) Expiry date

The expiry dates of the Director Options are as follows:

- (a) tranche one, 1,000,000 Director Options, the second anniversary of the date of issue;
- (b) tranche two, 2,000,000 Director Options, the third anniversary of the date of issue; and
- (c) tranche three, 2,000,000 Director Options, the fifth anniversary of the date of issue.

(e) Regulatory requirements

Listing Rule 10.11 provides that the Company must not issue or agree to issue equity securities to a Related Party without Shareholder approval. As Messrs Wendt, Gilmore and Directors are Directors, they are considered to be Related Parties and fall within the category in Listing Rule 10.11.1. If the proposed issue of the Director Options is approved under Listing Rule 10.11, then approval is not required under Listing Rule 7.1.

Shareholder approval under Chapter 2E of the Corporations Act is not required because the Director Options are considered reasonable remuneration and the Directors consider the issue of the Director Options to fall within the exception to the requirements for Shareholder approval under the Corporations Act.

(f) Directors Fees

The directors fees payable to Messrs Wendt, Gilmore and Pearson as at the date of the Notice are as follows:

- (a) Mr. Wendt, \$30,000 per annum;
- (b) Mr. Gilmore, \$30,000 per annum; and
- (c) Mr. Pearson, \$50,000 per annum.

Of these Directors, only Mr. Pearson is an Australian resident. The Company pays superannuation in addition to Mr. Pearson's directors fees as prescribed under the *Superannuation Guarantee (Administration) Act 1992* (Cth). Messrs Wendt and Gilmore are not resident in Australia and the Company is not required to pay superannuation on their directors' fees.

(g) Relevant interest in Shares and Options

The relevant interests in Shares and Options held by Messrs Wendt, Gilmore and Pearson as at the date of the Notice is as follows:

Director	Shares	Option
Mr. Michael Wendt	124,658,107, 118,738,107 of which are held by Wentronic Holding and 5,920,000 are held directly by Mr. Wendt	Nil
Mr. Kevin Gilmore	3,288,000	Nil
Mr. Tony Pearson	1,375,000	Nil

(h) Cost to the Company

The Director Options will not be quoted on ASX and accordingly have no readily identifiable market value. The Company has adopted a combination of 'Black-Scholes and Monte-Carlo valuation models' in calculating the indicative value of the Director Options. Based on this calculation, the indicative average value per Director Option is \$0.00752.

The material assumptions used in the application of the methodology to arrive at this indicative value are:

- (a) valuation date 9 September 2020;
- (b) underlying Share price of \$0.037, being the price for one Share at the valuation date;
- (c) exercise date of:
 - i. 8 September 2022 for the Director Options in tranche one;
 - ii. 8 September 2023 for the Director Options in tranche two;
 - iii. 8 September 2025 for the Director Options in tranche three;
- (d) the exercise price of each Director Option is \$0.03;

- (e) the term is:
 - i. 24 months for the Director Options in tranche one;
 - ii. 36 months for the Director Options in tranche two; and
 - iii. 60 months for the Director Options in tranche three;
- (f) a risk-free rate of:
 - i. 0.26% for the Director Options in tranche one
 - ii. 0.28% for the Director Options in tranche two; and
 - iii. 0.45% for the Director Options in tranche three;
- (g) volatility of the underlying Shares to be 50%; and
- (h) expected dividend yield of 5%.

(i) Impact on capital structure

Until exercised, the grant of Director Options will not impact on the number of Shares on issue. If all of the proposed Director Options are exercised, an additional 15,000,000 Shares may be issued. This represents approximately 6.45% of the total issued share capital of the Company as at the date of the Notice (assuming that no other options were exercised or Shares issued by the Company between the date the Director Options were granted and the date on which those Director Options were exercised).

(j) Information required under Listing Rule 10.13

In accordance with Listing Rule 10.13, the following information is provided in relation to the issue of the Director Options to Messrs Wendt, Gilmore and Pearson:

Maximum number of securities to be issued	15,000,000 Director Options being: <ul style="list-style-type: none"> (a) 5,000,000 Director Options for Mr. Wendt; (b) 5,000,000 Director Options for Mr. Gilmore; and (c) 5,000,000 Director Options for Mr. Pearson.
The date by which the entity will issue securities	The Director Options will be issued no later than one month after the date of the Annual General Meeting.
Exercise price	\$0.03 per Director Option
Terms of the Director Options	<ul style="list-style-type: none"> (a) Each Director Option is exercisable at any time following, in respect of: <ul style="list-style-type: none"> i. tranche one, when the VWAP for the Shares exceeds \$0.05 for the earliest to occur of: <ul style="list-style-type: none"> 1. five (5) consecutive Trading Days on which Shares are traded on the ASX; and 2. 15 Trading Days regardless of whether Shares trade on the ASX on consecutive Trading Days; ii. tranche two, when the VWAP for the Shares exceeds \$0.10 for the earliest to occur of: <ul style="list-style-type: none"> 1. five (5) consecutive Trading Days on which Shares are traded on the ASX; 2. 15 Trading Days regardless of whether Shares trade on the ASX on consecutive Trading Days; and iii. tranche three, when the VWAP for the Shares exceeds \$0.15 for the earliest to occur of: <ul style="list-style-type: none"> 1. five (5) consecutive Trading Days on which Shares are traded on the ASX; 2. 15 Trading Days regardless of whether Shares trade on the ASX on consecutive Trading Days; (b) A Director Option not exercised will lapse on the earlier of in respect of: <ul style="list-style-type: none"> i. tranche one, 5pm on the second anniversary of the date of issue; ii. tranche two, 5pm on the third anniversary of the date of issue; and iii. tranche three, 5pm on the fifth anniversary of the date of issue. (c) Subject to any adjustment in the event of a bonus issue, rights issue or reconstruction of capital, each Director Option is an option to subscribe

	<p>for one Share.</p> <p>(d) Upon the valid exercise of the Director Option, each Share issued will rank equally with other Shares.</p> <p>(e) Holders of Director Options do not have any right to participate in new issues of securities in the Company made to Shareholders without first exercising the Director Options.</p> <p>(f) Holders of Director Options do not participate in any dividends unless the Director Options are exercised and the resultant Shares are issued prior to the record date for determining entitlements.</p> <p>(g) In the event of a reorganisation of capital (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the number of Director Options, the exercise price of the Director Options, or both will be reconstructed (as appropriate) in a manner consistent with the Listing Rules as applicable at the time of reconstruction, but with the intention that such reconstruction will not result in any benefits being conferred on the holders of Director Options which are not conferred on Shareholders.</p> <p>(h) If there is a pro rata issue (except a bonus issue), the exercise price of a Director Option may be reduced in accordance with the formula in the Listing Rules.</p> <p>(i) If there is a bonus issue to Shareholders, the number of Shares over which the Director Option is exercisable may be increased by the number of Shares which the holder of the Director Options would have received if the Option had been exercised before the record date for the bonus issue.</p> <p>(j) The Company will not apply for quotation of the Options on ASX. The Company must apply to ASX for official quotation of Shares issued on the exercise of the Director Options.</p> <p>(k) The Directors are not entitled to exercise any Director Option if the exercise of that Director Option could contravene the Constitution, Listing Rules or the Corporations Act.</p>
Intended use of funds raised	No funds will be raised from the issue of the Options because the Options are being issued in lieu of payment of part of the director's fees to which Messrs Wendt, Gilmore and Pearson are entitled.
No opportunities or benefits foregone	There are no significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options on the terms proposed. The issue of the Options will enable the Company to utilise its cash reserves for working capital purposes.
What will happen if Resolution 5, Resolution 6 or Resolution 7 are not approved?	If Shareholders do not approve the proposed issue of Options to Messrs Wendt, Gilmore and Pearson in lieu of director's fees, the Company will need to pay the director's fees to which they are entitled in cash.

(l) Voting Exclusion Statement

A voting exclusion statement applies to Resolution 5, Resolution 6 and Resolution 7, as discussed in the notes in paragraph 14 to the Notice.

(k) Directors' Recommendation

Each of Messrs Wendt, Gilmore and Pearson abstains from providing a recommendation in respect of the Resolution that proposes the issue of the Director Options to that Director.

For the reasons set out above (including that the proposed Resolutions will enable the Company's existing cash reserves to be utilised for its working capital needs), each remaining Director recommends that Shareholders approve the issue of the Director Options to each named Director (or their nominee).

7. Resolution 8 - Approval of Performance Rights Plan and subsequent issues of securities under the Performance Rights Plan

(a) Introduction

The purpose of the PRP is to provide Eligible Employees with an opportunity to acquire rights to receive Shares. By doing so, the PRP seeks to provide Eligible Employees with an opportunity to

share in the growth in value of the Company and to encourage them to improve the longer term performance of the Company and its returns to Shareholders. The PRP is also intended to assist the Company to attract and retain skilled and experienced senior employees and provide them with an incentive to have a greater involvement with and focus on the longer term goals of the Company.

(b) Listing Rule 7.1

In general terms, Listing Rule 7.1 imposes a 15% cap on the number of equity securities that can be issued by the Company, without Shareholder approval, in any 12 month period (**Placement Capacity**). However, the Company is permitted to issue equity securities in excess of the Placement Capacity if those equity securities are issued in reliance on an exception to Listing Rule 7.1 or the issue is approved by Shareholders.

(c) Listing Rule 7.2

Listing Rule 7.2 (Exception 13) contains an exception to Listing Rule 7.1 so that performance rights issued under the PRP that have either been:

- (a) previously approved by Shareholders; or
- (b) disclosed in the Company's prospectus,

are not required to be counted in calculating the Placement Capacity for a three year period.

The PRP was last approved by Shareholders at the Annual General Meeting on 10 October 2018.

The Directors consider it desirable to seek Shareholder approval for the PRP so that performance rights granted (and the Shares issued on exercise of the performance rights) under the PRP can continue to be issued under an exception to Listing Rule 7.1 for three years after the date of the Annual General Meeting and will not be counted as reducing the number of securities which the Company can issue under its Placement Capacity.

Accordingly, Shareholders are asked to approve the adoption of the PRP by the Company and the subsequent issue of securities under the PRP for the purposes of Listing Rule 7.2 (Exception 9) and for all other purposes.

A summary of the PRP is set out below:

- (a) the PRP is open to certain senior management and Directors or of any subsidiary of the Company, as determined by the Board;
- (b) the Board may invite eligible persons to participate in the PRP. Participation is voluntary. The Board may determine the number of performance rights to be issued under the PRP (**Rights**) and other terms of issue of the PRP;
- (c) all rights are granted at nil issue price and nil exercise price unless otherwise determined by the Board (**Plan Rules**); and
- (d) holders of Rights are not permitted to participate in new issues of securities by the Company but adjustments may be made to the number of Shares over which the Rights are granted or the exercise price to take into account changes in the capital structure of the Company that occur by way of pro rata and bonus issues in accordance with the Plan Rules and the Listing Rules.

For the purposes of paragraph 4.13 of ASX Guidance Note 21 the number of equity securities issued under the PRP since it was last approved on 10 October 2018 are as follows:

Date of issue	Type of equity securities	Number of equity securities	Details
10 October 2018	Options	500,000	Issued to Mr. Alan Sparks with the approval of shareholders granted at the Company's annual general meeting held on 10 October 2018. These options lapsed when Mr. Sparks retired as Chief Executive Officer on 16 June 2020.
7 July 2020	Shares	875,000	Issued to Mr. Pearson, which are now the subject of Resolution 10.

Date of issue	Type of equity securities	Number of equity securities	Details
7 July 2020	Shares	117,778	Issued to another officer of the Company.

As at the date of this Notice, the Board has not resolved to make any further issues of equity securities under the PRP.

A full copy of the Plan Rules is available on request from the Company Secretary.

(d) Listing Rule 10.14

Listing Rule 10.14 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities to a Director under an employee incentive scheme, such as the PRP. If the Company proposes to issue securities to a Director under the PRP, the Company will obtain Shareholder approval and the notice of the meeting at which approval is sought will contain the information required by Listing Rule 10.15.

(e) Directors' Recommendation

Each of the Directors recommends that Shareholders vote in favour of Resolution 8.

8. Resolution 9 - Approval of Additional Capacity to issue Shares

(a) Introduction

Listing Rule 7.1A entitles eligible entities to issue equity securities of up to 10% of the Company's existing issued capital, subject to shareholder approval. In this regard, approval is sought from the Shareholders for the issue of Shares by the Company pursuant to Listing Rule 7.1A, such that the Company will have the benefit of the additional capacity to issue Shares as contemplated by Listing Rule 7.1A.

Resolution 9 is a special resolution and therefore must be approved by at least 75% of the total number of votes cast by Shareholders entitled to vote on the resolution (in person, by proxy, by attorney or, in the case of a body corporate, by a corporate representative).

An eligible entity for the purposes of Listing Rule 7.1A is an entity that, at the time of its annual general meeting, is not included in the S&P/ASX300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

If Resolution 9 is passed, the maximum number of Shares that the Company will be entitled to issue is the number calculated in accordance with the following formula (as set out in Listing Rule 7.1A.2):

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

where:

A = the number of fully paid ordinary securities on issue 12 months before the date of issue or agreement,

- plus the number of fully paid ordinary securities issued in the 12 months under an exception in Listing Rule 7.2,
- plus the number of partly paid ordinary securities that became fully paid in the 12 months,
- plus the number of fully paid ordinary securities issued in the 12 months with the approval of Shareholders under Listing Rule 7.1 or Listing Rule 7.4,
- less the number of fully paid ordinary securities cancelled in the 12 months.

D = 10%

E = the number of equity securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rule 7.1 or Listing Rule 7.4.

For example, on 2 September 2020, the Company had 232,578,629 Shares on issue. The Company will, for the period to 2 September 2021, be able to issue up to 23,257,863 Shares.

The ability to issue Shares under Listing Rule 7.1A is in addition to the Company's ability to issue

Shares of up to 15% of its existing issued capital over a 12 month period without Shareholder approval permitted by Listing Rule 7.1.

(b) Additional information required by Listing Rule 7.3A

The following information is provided in accordance with Listing Rule 7.3A with respect to Resolution 9:

- (a) **Minimum Price:** The issue price of each Share will be no less than 75% of the VWAP over the 15 Trading Days on which trades in that class were recorded immediately before:
 - i. the date on which the price at which the Shares are to be issued is agreed; or
 - ii. if the Shares are not issued within 5 Trading Days of the date on which the price is agreed, the date on which the Shares are issued.
- (b) **Dilution:** If Resolution 9 is passed, and the Company issues Shares pursuant to the approval under Listing Rule 7.1A, the existing Shareholders' voting power in the Company will be diluted with examples of such dilution being set out in the table below. There is a risk that:
 - i. the market price for the Shares may be significantly lower on the issue date than on the date of the approval under Listing Rule 7.1A; and
 - ii. the Shares may be issued at a price that is at a discount to the market price for those Shares on the issue date,

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

As required by Listing Rule 7.3A.2, the table below shows the potential dilution of existing Shareholders on the basis of three different assumed issue prices and values for the variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 (as set out above). The following assumptions are made in the table:

- i. the issue price is the closing price of the Shares on 2 September 2020;
- ii. the number of Shares on issue is at 2 September 2020. This could increase as a result of the issue of Shares either with or without Shareholder approval; and
- iii. the Company issues the maximum number of Shares as are permitted under Resolution 9.

Variable "A" in Listing Rule 7.1A.2 (Number of Shares on issue)	50% decrease in issue price \$0.02		Issue price \$0.04		100% increase in issue price \$0.08	
	10% Voting Dilution	Capital Raised	10% Voting Dilution	Capital Raised	10% Voting Dilution	Capital Raised
232,578,629 (Current)	23,257,863	\$465,157	23,257,863	\$930,315	23,257,863	\$1,860,629
348,867,944 (50% increase in Current Variable A)	34,886,794	\$697,736	34,886,794	\$1,395,475	34,886,794	\$2,790,944
465,157,258 (100% increase in Current Variable A)	46,515,726	\$930,315	46,515,726	\$1,860,629	46,515,726	\$3,721,258

- (c) **Issue Date:** Shareholder approval obtained under Listing Rule 7.1A is valid for a period commencing on the date of the Annual General Meeting and expiring on the first to occur of the following:
 - i. the date that is 12 months after the date of the Annual General Meeting, being 22 October 2021; and
 - ii. the date of approval by the Shareholders of a transaction under Listing Rule 11.1.2 (significant change to the nature or scale of the Company's activities) or Listing Rule 11.2 (disposal by the Company of its main undertaking).

- (d) **Purpose:** The purpose for which Shares may be issued pursuant to the approval under Listing Rule 7.1A may be to raise funds for the Company. Funds raised from the issue, if undertaken, would be used for general working capital requirements and, potentially, acquisitions and expenses associated with such acquisitions).
- (e) **Allocation Policy:** The allottees may comprise existing Shareholders or new investors or a combination of both. The allottees will be determined by the Board, taking into account:
- i. alternative options for raising funds if applicable. For example, the Board will consider whether it is appropriate to raise required funds by way of an entitlement issue;
 - ii. the purpose of the issue;
 - iii. the impact of the issue on the control of the Company;
 - iv. market conditions and the financial position of the Company; and
 - v. if applicable, advice from external advisors.

The Company does not yet know the names of the allottees or, other than described above, the basis on which they will be identified or selected. The Company notes that:

- i. the Board has formed no specific intentions to offer any placement to any existing Shareholders, class of Shareholder or new investors;
 - ii. the Board will, prior to make any placement, consider whether the raising of funds could be achieved by means of an entitlement issue to existing Shareholders; and
 - iii. if any placement is announced, the Company would, in accordance with Listing Rule 3.10.5A, disclose its reasons for undertaking that particular issue as a placement, rather than an entitlements issue to existing Shareholders.
- (f) **Previous approval under Listing Rule 7.1A:** The Company previously obtained Shareholder approval under Listing Rule 7.1A at its annual general meeting held on 24 November 2016.
- (g) **Issue of equity securities in the 12 months preceding the Annual General Meeting:** For the purposes of Listing Rule 7.3A.6(a), the table below shows the total number of equity securities issued in the 12 months preceding the date of the Annual General Meeting (being the 12 months to 22 October 2020) and the percentage those issues represent of the total number of equity securities on issue at the commencement of the 12 month period.

Equity securities issued in the prior 12 month period	169,999,539 Shares
Percentage previous issues represent of total diluted number of 232,578,629 equity securities on issue at commencement of 12 month period	73.10%

- i. For the purposes of Listing Rule 7.3A.6(b), set out below are details of each issue of equity securities that has taken place in the 12 month period preceding the date of the Annual General Meeting (being the 12 months to 22 October 2020):

Date of issue	Type of equity securities	Number of equity securities	Details (including premium/(discount) to closing market price of Shares on date of issue)	Persons to whom equity securities were issued
5 June 2020	Shares	90,966,727	Issued to Wentronic Holding the Entitlement Offer. Issue price \$0.03 which represents a 72.73% discount to the closing price of Shares on 30 April 2020, the last trading day before the Entitlement Offer was announced	Wentronic Holding GmbH
5 June 2020	Shares	55,400,938	Issued to Thundering Herd Pty Ltd, the underwriter to the Entitlement Offer. Issue price \$0.03 which represents a 72.73% discount to the closing price of Shares on 30 April 2020,	Thundering Herd Pty Ltd

Date of issue	Type of equity securities	Number of equity securities	Details (including % premium/(discount) to closing market price of Shares on date of issue)	Persons to whom equity securities were issued
			the last trading day before the Entitlement Offer was announced.	
5 June 2020	Shares	22,639,096	Issued to certain Shareholders, other than Wentronic Holding, under the Entitlement Offer. Issue price \$0.03 which represents a 72.73% discount to the closing price of Shares on 30 April 2020, the last trading day before the Entitlement Offer was announced.	Certain shareholders of the Company.
7 July 2020	Shares	992,778	Issued to Mr. Pearson, which are now the subject of Resolution 10, and another officer of the Company. Issue price of \$0.036 which represents a 20% premium to the closing price of Shares on 30 July 2020, the last trading day before the Shares were issued.	Mr. Pearson and certain other officers of the Company.

ii. The total cash consideration raised from the equity issues described above was \$5.03 million before expenses for the Shares issued in the Entitlement Offer and \$35,740 for the Shares issued to officers of the Company. As at the date of the Notice, none of that cash has been spent. As announced by the Company on 1 July 2020, the Company is continuing to analyse opportunities to invest these funds including through accretive acquisitions, investing in existing businesses (including the Company's online business) and capital management.

(c) Voting Exclusion Statement

A voting exclusion statement applies to Resolution 9, as discussed in the notes in paragraph 14 to the Notice.

(d) Directors' Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 9.

9. Resolution 10 - Approval to make a selective reduction of capital – Mr. Tony Pearson

(a) Introduction

On 6 July 2020, the Company issued 875,000 Shares to Mr. Tony Pearson (**Pearson Shares**).

The Pearson Shares were issued in partial capitalisation of a one-off bonus \$50,000 payable by the Company to Mr. Pearson in recognition of his contribution to the Entitlement Offer.

The gross cash amount of Mr. Pearson's bonus was \$50,000. Tax withheld on the bonus by the Company was \$18,500 for Mr. Pearson. Whilst the Company could have paid the bonus as cash, Mr. Pearson agreed to take the non-taxed element of the bonus by way of an issue of Shares at \$0.036, being the VWAP for the period 10 June 2020 to 3 July 2020. This was at a higher price than the price at which Shares were issued in the Entitlement Offer.

This was to preserve the amount of cash available to the Company. The number of Shares issued to Mr. Pearson was 875,000 being \$31,500 divided by the issue price of \$0.036 per Share.

The agreement to issue the Pearson Shares to Mr. Pearson was in breach of Listing Rule 10.14. In order to cure the breach, the Company has reached an agreement with Mr. Pearson to cancel the Pearson Shares. Mr. Pearson agreed to cancel the Pearson Shares subject to him being reinstated to the same position he was in prior to the cancellation of the Pearson Shares.

The Company agreed, subject to the passing of:

- (a) Resolution 10;
- (b) Resolution 1 of the Special General Meeting and cancellation of the Pearson Shares; and
- (c) Resolution 11 by Shareholders for the re-issue to Mr. Pearson of 875,000 Shares (**Re-issue**), to re-issue 875,000 Shares to Mr. Pearson.

The purpose of Resolution 10 is to seek the requisite approval of Shareholders required under the Corporations Act for the selective reduction and cancellation of the Pearson Shares held by the Mr. Pearson (**Selective Capital Reduction**).

The effect of Resolution 10 will be a selective capital reduction and cancellation of 875,000 Shares held by Mr. Pearson.

(b) Corporations Act

Resolution 10 is a special resolution and therefore requires not less than 75% of all votes cast on the resolution to be in favour of Resolution 10 for it to be passed.

Pursuant to:

- (a) section 256C of the Corporations Act, a company may make a selective capital reduction if it is approved by a special resolution passed at a general meeting of the Company, with no votes being cast in favour of the resolution by any person who is to receive consideration as part of the reduction or whose liability to pay amounts unpaid on shares is to be reduced.
- (b) section 256B of the Corporations Act requires that a company may only reduce its capital if it:
 - i. is fair and reasonable to the company's shareholders as a whole;
 - ii. does not materially prejudice the Company's ability to pay its creditors; and
 - iii. is approved by the company's shareholders in accordance with Section 256C of the Corporations Act.

Section 256C(4) of the Corporations Act also requires that the Company must include with the notice convening the Annual General Meeting a statement setting out all information known to the Company that is material to the decision on how to vote on the resolution.

The Directors, other than Mr. Pearson believes that the Selective Capital Reduction as proposed is fair and reasonable to Shareholders for the following reasons:

- (a) the Selective Capital Reduction will only result in the cancellation of the Pearson Shares held by Mr. Pearson;
- (b) the Selective Capital Reduction will not materially prejudice the Company's ability to pay its creditors and will have minimal financial effect on the Company; and
- (c) the financial effect on cash reserves of the Selective Capital Reduction on the Company will be nil as no monetary consideration is being provided for the Selective Capital Reduction.

Pursuant to Section 256C(2) of the Corporations Act, a selective reduction of capital must be approved by either:

- (a) a special resolution passed at a general meeting of a company, with no votes being cast in favour of the resolution by any person who is to receive consideration as part of the reduction or whose liability to pay amounts unpaid on shares is to be reduced, or by their associates; or
- (b) a resolution agreed to, at a general meeting by all of a company's shareholders.

Further, as the Selective Capital Reduction involves the cancellation of Shares, Section 256C(2) of the Corporations Act requires that the Selective Capital Reduction must also be approved by a special resolution passed at a meeting of the Shareholders whose Shares are to be cancelled. In this case, this is only Mr. Pearson.

The Special General Meeting is being held after the Annual General Meeting, at which Mr. Pearson will vote on the Selective Capital Reduction, for the purpose of satisfying Section 256C(2) of the Corporations Act (subject to Resolution 1 being passed at the General Meeting).

(c) Material advantages / disadvantages on the Company

The material advantage of the Selective Capital Reduction is that it will cure the breach of the Listing Rules. The Directors, other than Mr. Pearson, do not consider there are any material disadvantages to the Company of undertaking the Selective Capital Reduction.

(d) Summary and Effect of Proposed Selective Capital Reduction

The overall effect of the Selective Capital Reduction is to reduce the number of Shares currently on issue from 232,578,629 to 231,703,629. However, the Company is seeking Shareholder approval for the Re-issue pursuant to Resolution 11. If Resolution 10 and Resolution 11 are both passed there will be no net change to the number of Shares currently on issue. The primary purpose of the Selective Capital Reduction is to cure the breach of the Listing Rules.

(e) Interests of Directors

The Directors do not have any material interest in the outcome of Resolution 10 other than as a result of their interest arising solely in the capacity as Shareholders. The Directors do not have any interest in the Pearson Shares.

The Directors believe that the Selective Capital Reduction will not materially prejudice the Company's ability to pay its creditors because the Selective Capital Reduction is being made for nil cash consideration and will have no impact on the Company's cash reserves or its ability to meet its financial commitments

Accordingly, the Directors recommend that Shareholders vote in favour of Resolution 10 as they consider the proposed reduction of capital to be fair and reasonable and in the best interests of Shareholders

(f) Other Material Information

There is no information material to the making of a decision by a Shareholder whether or not to approve Resolution 10 being information that is known to any of the Directors and which has not been previously disclosed to Shareholders, other than as disclosed in this Explanatory Memorandum.

Once Resolution 10 is passed by Shareholders and Resolution 10 of the Special General Meeting is passed by Mr. Pearson, the Company will not make the reduction of capital until at least 14 days after lodgement of Resolution 10 with the ASIC, in accordance with the ASIC prescribed timeline for selective capital reductions

(g) Voting Exclusion Statement

A voting exclusion statement applies to Resolution 10, as discussed in the notes in paragraph 14 to the Notice.

(f) Directors' Recommendation

Each of the Directors, other than Mr. Pearson, recommends that Shareholders vote in favour of Resolution 10.

10. Resolution 11 - Approval to issue Shares to a Director in lieu of Bonus – Mr. Tony Pearson

(a) Background

Subject to the passing of Resolution 10 and Resolution 1 at the Special General Meeting, Resolution 11 seeks Shareholder approval for the issue of 875,000 Shares to Mr. Tony Pearson in lieu of the non-taxed element of the one-off bonus \$50,000 payable by the Company to Mr. Pearson in recognition of his contribution to Entitlement Offer.

(b) Maximum number of Shares and issue price

The maximum number of Shares to be issued to Mr. Pearson is 875,000 Shares and they are proposed to be issued at an issue of Shares at \$0.036, being the VWAP for the period 10 June 2020 to 3 July 2020.

(c) Requirement for Shareholder approval

Listing Rule 10.11 provides that a listed company must not issue or agree to issue shares (or other securities) to a Related Party without the approval of shareholders. For the purposes of Listing Rule 10.11.1, Mr. Pearson is a Related Party of the Company.

Approval under Listing Rule 7.1 is not required in order to issue the 875,000 Shares to Mr. Pearson as approval is being sought under Listing Rule 10.11. Accordingly, the issue of Shares to Mr. Pearson will not be included in the 15% calculation of the Company's placement capacity for the purposes of Listing Rule 7.1.

(d) Mr. Pearson's remuneration

Details of Mr. Pearson's remuneration are set out in sub-paragraph (f) of paragraph 6 of this Explanatory Memorandum in the discussion on the proposed issue of Directors Options to Mr. Pearson which is the subject of Resolution 7.

(e) Information required by Listing Rule 10.13 and other additional information

In accordance with Listing Rule 10.13, the following information is provided with respect to the proposed issue of the 875,000 Shares to Mr. Pearson under Resolution 11:

The Related Party to whom Resolution 11 relates	Mr. Pearson										
The Shares will be issued to	Mr. Pearson										
Maximum number of Shares to be issued	875,000 Shares										
Date by which the Shares will be issued	The Shares will be issued as soon as practicable, but in any event no later than one month, after the Annual General Meeting.										
Issue price of the Shares	\$0.036										
Terms of issue of the Shares	The Shares will be fully paid ordinary shares and will rank equally with all other Shares on issue as from the date on which they are issued.										
Intended use of funds raised	No funds will be raised from the issue of the Shares because the Shares are being issued in lieu of payment of the non-taxed element of a bonus to which Mr. Pearson was entitled.										
Current interests of Directors in the securities of the Company (held directly or indirectly)	875,000										
Effect of issue of Shares on capital structure	<p>The effect of the issue of the Shares on the capital structure of the Company is set out below (assuming that each of Resolution 11 is approved):</p> <table border="1"><tr><td>Shares on issue as at the date of the Notice</td><td>232,578,629</td></tr><tr><td>Shares the subject of the Selective Capital Reduction pursuant to Resolution 10</td><td>875,000</td></tr><tr><td>Maximum number of Shares to be issued</td><td>875,000</td></tr><tr><td>Maximum number of Shares on issue after Shares issued</td><td>232,578,629</td></tr><tr><td>Dilution based on current issued capital (non-diluted)</td><td>0%</td></tr></table>	Shares on issue as at the date of the Notice	232,578,629	Shares the subject of the Selective Capital Reduction pursuant to Resolution 10	875,000	Maximum number of Shares to be issued	875,000	Maximum number of Shares on issue after Shares issued	232,578,629	Dilution based on current issued capital (non-diluted)	0%
Shares on issue as at the date of the Notice	232,578,629										
Shares the subject of the Selective Capital Reduction pursuant to Resolution 10	875,000										
Maximum number of Shares to be issued	875,000										
Maximum number of Shares on issue after Shares issued	232,578,629										
Dilution based on current issued capital (non-diluted)	0%										
No opportunities or benefits foregone	There are no significant opportunity costs to the Company or benefits foregone by the Company in issuing the Shares on the terms proposed. The issue of the Shares will enable the Company to utilise its cash reserves for working capital purposes.										
What will happen if Resolution 11 is not approved?	If Shareholders do not approve the proposed issue of Shares to Mr. Pearson in lieu of his bonus, the Company will be required to pay the non-taxed element of his bonus in cash.										

(f) Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act also requires shareholder approval where a public company seeks to give financial benefits to a Related Party (unless an exception applies). Mr. Pearson is a Related Party of the Company within the meaning of Chapter 2E of the Corporations Act.

One of the exceptions to the requirement to obtain shareholder approval under Chapter 2E of the Corporations Act applies where the financial benefit constitutes part of the Related Party's 'reasonable remuneration'. As the proposed Shares effectively the non-taxed element of a cash bonus to which Mr. Pearson would be entitled, that would otherwise have been paid in cash to Mr. Pearson, the Board considers that the issue of the Shares constitutes part of Mr. Pearson's reasonable remuneration.

Another exception to the requirement to obtain shareholder approval under Chapter 2E of the Corporations Act applies where a financial benefit is given to a Related Party on terms that would be reasonable in the circumstances if the public company and the Related Party were dealing at arm's

length (or terms less favourable to the Related Party). The price of \$0.036 per Share that the Company proposes as the basis for calculating the number of Shares that the Company intends to issue is a 20% premium to the subscription price of \$0.30 at which Shares were taken up by both existing and new investors under the Entitlement Offer.

The Company has therefore formed the view that the terms of the proposed financial benefits to the Directors are reasonable and are being provided on, or on terms less favourable, than on an arm's length basis.

In light of these two exceptions, the Board has formed the view that Shareholder approval under Chapter 2E of the Corporations Act is not required for the issue of the Shares the subject of Resolution 11.

(g) Voting Exclusion Statement

A voting exclusion statement applies to Resolution 11, as discussed in the notes in paragraph 14 to the Notice.

(h) Directors' Recommendation

Each of the Directors, other than Mr. Pearson, recommends that Shareholders vote in favour of Resolution 11.

11. Resolution 12 – Amendment to the Constitution

(a) Background

The Company is governed by its Constitution. Under section 136(2) of the Corporations Act, a company can modify its constitution or a provision of its constitution by a special resolution. Accordingly, the Company seeks approval to amend its Constitution by a special resolution as set out below:

The Board proposes that the Constitution will be amended as follows:

- i. *(removal of casting vote at Shareholder meetings)* - by deleting article 13.4(d) of the Constitution and replacing it with the following clause:

'In the case of an equality of votes at any meeting of Members, the chairperson of the meeting does not have a casting vote in addition to any votes to which the chairperson is entitled in his or her capacity as an Eligible Voter.'; and

- ii. *(removal of chairperson's casting vote at meetings of Directors)* - by deleting article 22.7 of the Constitution and replacing it with the following clause:

'The chairperson will not have a casting vote in addition to any vote her or she has in his or her capacity as a Director.'

Consistent with recommendation 2.5 of the Corporate Governance Principles and Recommendations of the ASX, the Company announced on 1 July 2020 that Mr. Pearson had been appointed as Independent Chair of the Company.

In order to preserve the independence of Mr. Pearson's role as 'Independent Chair', the Board determined that it was no longer appropriate for article 13.4 of the Constitution to allow for the chairperson of meetings of Shareholders to have a casting vote, or for article 22.7 of the Constitution to allow for the chairperson to exercise a casting vote at meetings of the Board.

(b) Directors' Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 12.

LODGE YOUR VOTE

 **ONLINE**
www.linkmarketservices.com.au

 **BY MAIL**
Cellnet Group Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

 **BY FAX**
+61 2 9287 0309

 **BY HAND**
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138

 **ALL ENQUIRIES TO**
Telephone: +61 1300 554 474

LODGE MENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given above by **10:00am (Brisbane time) on Tuesday, 20 October 2020**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:

 **ONLINE**
www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name and email address of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares 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; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, 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 indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting Virtually the appropriate "Certificate of Appointment of Corporate Representative" must be received at vote@linkmarketservices.com.au prior to admission in accordance with the Notice of Annual General Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

NAME SURNAME
 ADDRESS LINE 1
 ADDRESS LINE 2
 ADDRESS LINE 3
 ADDRESS LINE 4
 ADDRESS LINE 5
 ADDRESS LINE 6



X99999999999

PROXY FORM

I/We being a member(s) of Cellnet Group Limited and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name and email of the person or body corporate you are appointing as your proxy

Name

Email

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:00am (Brisbane time) on Thursday, 22 October 2020 (the Meeting)** and at any postponement or adjournment of the Meeting.

The Meeting will be conducted as a virtual meeting and you can participate by logging in online at <https://agmlive.link/CLTAGM20> (refer to details in the Notice of Meeting).

Important for Resolutions 1 and 8: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1 and 8, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

STEP 2

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9 Approval of Additional Capacity to Issue Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Mr Giles Karhan as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10 Approval to make a selective reduction of capital – Mr Tony Pearson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Mr Brian Danos as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11 Issue of Shares to a Director in lieu of Director's bonus – Mr Tony Pearson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Re-election of Mr Michael Wendt as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12 Amendment to the Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Grant of Options to Mr Michael Wendt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
6 Grant of Options to Mr Kevin Gilmore	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
7 Grant of Options to Mr Tony Pearson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
8 Approval of Performance Rights Plan and subsequent issues of securities under the Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				



* 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 votes will not be counted in computing the required majority on a poll.

STEP 3

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

CLT PRX2001N

