

Notice of annual general meeting

ApplyDirect Limited ACN 123 129 162

Date: 26 November 2018

Time: 11.00am (Melbourne time)

Location: MinterEllison, Level 23, 525 Collins Street, Melbourne Victoria 3000

Important notice

This Notice of Annual General Meeting and Explanatory Memorandum contains an explanation of, and information about, the proposal to be considered at the annual general meeting of the Company on 26 November 2018. It is given to the Shareholders to help them determine how to vote on the Resolutions.

Shareholders should read this Notice of Annual General Meeting and Explanatory Memorandum in full before deciding if and how to vote on the Resolutions. If you are in doubt about what to do in relation to the Resolutions, you should consult your financial or other professional adviser.

This Notice of Annual General Meeting and Explanatory Memorandum is dated 25 October 2018.

In this document you will find:

1. Notice of annual general meeting
2. An explanatory memorandum containing an explanation of, and information about, the Resolutions
3. Proxy form

Notice of annual general meeting

ApplyDirect Limited ACN 123 129 162

Notice is hereby given that the Annual General Meeting of the members of ApplyDirect Limited (**Company**) will be held:

- on 26 November 2018
- at 11.00am (Melbourne time)
- at MinterEllison, Level 23, Rialto Towers, 525 Collins Street, Melbourne Victoria 3000.

Business

Financial Statements and Reports

To receive and consider the Financial Report, the Directors' Report and the Auditor's Report for the Company for the year ended 30 June 2018.

Note: There is no requirement for the Shareholders to approve these reports.

Resolution 1 – Remuneration Report

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

"THAT the Remuneration Report of the Company for the year ended 30 June 2018 be adopted."

Noting that each director has a personal interest in their own remuneration from the Company as set out in the Remuneration Report, the Board recommends that Shareholders vote in favour of this Resolution.

Please note:

- *this Resolution is advisory only and does not bind the Company or its directors; and*
- *the directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.*

Resolution 2 – Re-election of Director – Mr Michael Norster

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

"THAT Michael Norster, a non-executive director of the Company appointed as a casual vacancy under rule 62.1 of the Constitution who retires from the office of Director in accordance with rule 62.2 of the Constitution and ASX Listing Rule 14.4, being eligible and offering himself for re-election, be re-elected as a Director of the Company."

Resolution 3 – Re-election of Director – Mr Michael Kay

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

"THAT Michael Kay, a non-executive director and Chairman of the Company who retires from the office of Director by rotation in accordance with rule 63 of the Constitution and ASX Listing Rule

14.4, being eligible and offering himself for re-election, be re-elected as a Director of the Company."

Resolution 4 – Ratification of Placement

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

"**THAT** for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders approve and ratify the issue by the Company under a placement made on 4 October 2018 of 25,666,667 new fully paid ordinary shares and 8,555,547 options to acquire new fully paid ordinary shares to sophisticated and professional investors on such terms as more particularly described in the explanatory memorandum which accompanies and forms part of this Notice of Meeting."

Resolution 5 – Approval of issue of shares to Mr Michael Kay (Chairman)

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

"**THAT** for the purposes of ASX Listing Rule 10.11 and for all other purposes, the Shareholders approve the issue by the Company of 4,166,666 new fully paid ordinary shares and 1,388,888 options to acquire new fully paid ordinary shares to Michael Kay or his nominee(s) on such terms as more particularly described in the explanatory memorandum which accompanies and forms part of this Notice of Meeting."

Resolution 6 – Approval of issue of shares to Mr Michael Norster (Director)

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

"**THAT** for the purposes of ASX Listing Rule 10.11 and for all other purposes, the Shareholders approve the issue by the Company of 4,166,666 new fully paid ordinary shares and 1,388,888 options to acquire new fully paid ordinary shares to Michael Norster or his nominee(s) on such terms as more particularly described in the explanatory memorandum which accompanies and forms part of this Notice of Meeting."

Resolution 7 – Approval of additional 10% placement capacity

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

"**THAT** for the purposes of ASX Listing Rule 7.1A and for all other purposes, the Shareholders approve the Company having the additional capacity to issue Shares up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 over a 12 month period from the date of the Annual General Meeting, at a price no less than that determined pursuant to ASX Listing Rule 7.1A.3 and otherwise on such terms as more particularly described in the explanatory memorandum which accompanies and forms part of this Notice of Meeting."

Voting exclusions

1. The Company will disregard any votes cast on Resolution 1 by:
 - (a) a member of the Company's key management personnel (**KMP**) or a closely related party of a KMP;
 - (b) persons who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed; and

- (c) any associate of a KMP or of any persons who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed.

However, a vote may be cast by such a person if:

- (a) the vote is cast by that person as a proxy in accordance with a direction by the shareholder as to how that person is to vote on the Resolution; and
 - (b) the shareholder who directed that person how to vote is entitled to vote on the Resolution (eg. the shareholder is not a KMP or a closely related party of a KMP),
- or
- (c) the voter is the chair of the Meeting and the appointment of the Chairman as proxy (by a shareholder who is entitled to vote on the Resolution) does not specify the way the proxy is to vote on the Resolution; and
 - (d) the appointment expressly authorises the Chairman to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a KMP.

The Chairman intends to vote undirected proxies (where he has been appropriately authorised) in favour of this Resolution.

2. The Company will disregard, for the purposes of Resolution 4, any votes cast in favour of Resolution 4 by or on behalf of:
 - (a) persons who have participated in the issue of the New Securities under the Placement; and
 - (b) an associate of persons who have participated in the issue of the New Securities under the Placement.
3. The Company will disregard, for the purposes of Resolution 5, any votes cast in favour of Resolution 5 by or on behalf of:
 - (a) Michael Kay; and
 - (b) an associate of Michael Kay.
4. The Company will disregard, for the purposes of Resolution 6, any votes cast in favour of Resolution 6 by or on behalf of:
 - (a) Michael Norster; and
 - (b) an associate of Michael Norster.
5. However, in respect of Resolutions 4, 5, and 6, the Company need not disregard a vote if:
 - (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
 - (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Voting entitlement time

6. It has been determined (in accordance with section 1074E(2)(g)(i) of the Corporations Act and regulation 7.11.37 of the *Corporations Regulations 2001* (Cth)) that for the purposes of the Meeting, the Company's shares will be taken to be held by the persons who are the registered Shareholders of the Company at 7.00pm (Melbourne time) on 24 November 2018. Accordingly, those persons are entitled to attend and vote (if not excluded) at the Meeting.

Proxies

7. Sections 250BB and 250BC of the Corporations Act apply to voting by proxy. Shareholders and their proxies should be aware of the requirements under the Corporations Act, as they will apply to this meeting.
8. A member who is entitled to vote at the Meeting may appoint:
 - (a) one proxy if the member is only entitled to one vote; or
 - (b) one or two proxies if the member is entitled to more than one vote.
9. Where the member appoints two proxies, the appointment may specify the proportion or number of votes that each proxy may exercise. If the appointment does not specify a proportion or number, each proxy may exercise half of the votes, in which case any fraction of votes will be disregarded.
10. A proxy need not be a member of the Company.
11. If you require an additional proxy form, the Company will supply it on request.
12. The proxy form and the power of attorney or other authority (if any) under which it is signed (or a certified copy) must be received by the Company, at least 48 hours before the time for holding the Meeting (ie. by no later than 11.00am (Melbourne time) on 24 November 2018), at:
 - (a) online: www.linkmarketservices.com.au;
 - (b) by mail: ApplyDirect Limited, c/- Link Market Services Limited, Reply Paid 1519, Sydney South NSW 1234 Australia;
 - (c) by fax: +61 2 9287 0309; or
 - (d) by hand: Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138 (please do not use this address for mailing purposes).
13. Proxies given by corporate shareholders must be executed in accordance with their constitutions, or under the hand of a duly authorised attorney.
14. A proxy may decide whether to vote on any motion, except where the proxy is required by law or the Company's constitution to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed how to vote on an item of business, the proxy may vote on that item only in accordance with that direction. If a proxy is not directed how to vote on an item of business, the proxy may vote as he or she thinks fit.
15. If a Shareholder appoints the chairperson of the Meeting as the Shareholder's proxy and does not specify how the chairperson is to vote on an item of business, the chairperson will vote, as proxy for that Shareholder, in favour of the item on a poll.

Corporate Representatives

16. A body corporate which is a Shareholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed, unless it has previously been given to the Company.

Scrutineer

17. The Company's registrar, Link Market Services Limited will act as scrutineer for any polls that may be required at the Meeting.

Dated: 25 October 2018

By order of the Board

A handwritten signature in black ink, appearing to read 'Prashant Chandra', written over a horizontal line.

.....
Prashant Chandra
Secretary

ApplyDirect Limited – Annual General Meeting

Explanatory memorandum

1. Introduction

This Explanatory Memorandum forms part of this Notice of Meeting and has been prepared to provide Shareholders of the Company with sufficient information to consider the Resolutions contained in the accompanying Notice of Annual General Meeting of the Company. The Annual General Meeting of the Company will be held on 26 November 2018 commencing at 11.00am (Melbourne time) at MinterEllison, Level 23, 525 Collins Street, Melbourne, Victoria, Australia.

The Board recommends that Shareholders read this Explanatory Memorandum carefully and in its entirety before making any decision in relation to the Resolutions.

2. Resolutions

Resolution 1: Remuneration Report

Shareholders are asked to adopt the Company's Remuneration Report. The Remuneration Report is in the 2018 Annual Report of the Company and is also available on the Company's website at www.applydirect.com.au.

The Remuneration Report:

- (a) describes the policies behind and structure of the remuneration arrangements of the Company and the link between the remuneration of employees and the Company's performance;
- (b) sets out the remuneration arrangements in place for each director and for specified senior executives of the Company; and
- (c) explains the differences between the bases for remunerating non-executive directors and executives, including any executive directors.

The Corporations Act requires the agenda for an Annual General Meeting to include a resolution that the Remuneration Report be put to the vote. Should 25% or more of the votes cast on this Resolution (in person or by proxy) to approve the Remuneration Report be against approval of that report, then at the 2019 Annual General Meeting the resolution to approve next year's Remuneration Report must be approved by 75% or more of the votes cast to avoid a resolution being put to the 2019 Annual General Meeting to consider a spill of the Board.

A reasonable opportunity for discussion of, and comment on, the Remuneration Report will be provided by the Chairman at the Annual General Meeting.

The Annual Report refers to remuneration paid to directors and key management personnel for the year ended 30 June 2018. Since that time, the non-executive directors, being Michael Kay and Michael Norster, have elected to have the annual directors fees payable to them reduced by 50%, with effect from 1 October 2018. This means that from 1 October 2018, the directors fees payable to Michael Kay have reduced to \$75,000 per annum and those payable to Michael Norster have reduced to \$40,000 per annum.

Noting that each Director has a personal interest in their own remuneration from the Company as set out in the Remuneration Report, the Board recommends that Shareholders **vote in favour** of Resolution 1 to adopt the Remuneration Report.

Resolution 2: Re-election of Director – Mr Michael Norster

Pursuant to rule 62.2 of the Constitution, retiring director Michael Norster, being eligible to do so, has offered himself for re-election. Mr Norster, a non-executive director of the Company, was appointed as a casual vacancy on 29 May 2018 in accordance with rule 62.1 of the Constitution.

This Resolution seeks Shareholder approval of the re-election of Mr Norster.

Profile of Michael Norster

Michael Norster has been and is the major driving force in forming a number of successful, start up, Australian businesses. Michael founded the Australian Energy group of companies that traded under the name Powerdirect in 1997. He was the major shareholder in that group from ASX listing in 2001 until its completed sale to Ergon Energy in early 2006.

He is the founder and executive chairman of the Green Generation group of private companies which commenced in 2010. The group owns electricity retailer Blue NRG and renewable energy developer and risk manager GG Renewable Energy.

In addition to the Company, Michael was also the seed investor in the information technology recruitment company Primex Solutions Pty Ltd. He has assisted in the formation and establishment of one of Australia's largest telecommunications carriers Axicorp Pty Ltd (which became Primus Telecommunications) and was a director and shareholder in Hotkey Internet Services Pty Ltd (all now a part of Vocus Communications). Michael is also the controller of Potentate Investments Pty Ltd, which is the holder of 10.21% of the Company's voting shares and the Company's largest single shareholder.

Michael was appointed to the Company's Board on 29 May 2018.

The Board (excluding Michael Norster, who abstains from making a recommendation) recommends supporting the re-election of Michael Norster and recommends that Shareholders **vote in favour** of Resolution 2.

Resolution 3: Re-election of Director – Mr Michael Kay

Pursuant to rule 63 of the Constitution, retiring director Michael Kay being eligible to do so, has offered himself for re-election. Mr Kay, a non-executive director and Chairman of the Company, has been a director of the Company since prior to its ASX listing.

This Resolution seeks Shareholder approval of the re-election of Michael Kay.

Profile of Michael Kay

Michael Kay was Chief Executive Officer and Managing Director of listed salary packaging company, McMillan Shakespeare Ltd, a position he held for six years. Previously Michael had been CEO of the national insurer, AAMI, after serving in a variety of senior roles with that company. Prior to joining AAMI, Michael spent 12 years in private legal practice.

Michael is Chairman of IMF Bentham and Lovisa Holdings (scheduled to retire from the Lovisa Holdings Board on 31 October 2018), and a Non-Executive Director of Specialty Fashion Group Limited and Royal Automobile Club Insurance (WA). Michael holds a Bachelor of Laws from the University of Sydney.

The Board (excluding Michael Kay, who abstains from making a recommendation) recommends supporting the re-election of Michael Kay and recommends that Shareholders **vote in favour** of Resolution 3.

Resolution 4: Ratification of Placement

(a) Explanation

The Company seeks shareholder ratification pursuant to ASX Listing Rule 7.4 for the placement of 25,666,667 New Shares and 8,555,547 New Options that were issued on 4 October 2018 to sophisticated and professional investors pursuant to the Placement, under the Company's capacity to issue securities pursuant to Listing Rules 7.1 and 7.1A.

Of the Placement, a total of 24,789,401 New Shares and 8,555,547 New Options were issued under the Company's placement capacity under ASX Listing Rule 7.1 and a total of 877,266 New Shares were issued under the Company's placement capacity under ASX Listing Rule 7.1A.

ASX Listing Rule 7.1 provides that a company must not, during a 12 month period, issue or agree to issue in excess of 15% of the number of securities on issue at the commencement of that 12 month period without shareholder approval. At the Company's annual general meeting held on 27 November 2017, shareholders approved a further 10% placement capacity pursuant to ASX Listing Rule 7.1A.

ASX Listing Rule 7.4 allows for the ratification of previous issues of securities which are not made with shareholder approval (or under another exception to ASX Listing Rule 7.1) provided that the issue of securities did not breach the Company's placement capacity under ASX Listing Rules 7.1 and 7.1A. If shareholders ratify the issue of securities at general meeting, those securities will be treated as having been made with approval for the purpose of ASX Listing Rule 7.1. If the Company's shareholders ratify the issue of New Securities that occurred on 4 October 2018, these securities will be deemed to have been issued with Shareholder approval.

(b) Reasons

The effect of the ratification of the issue of New Securities under the Placement is that the Company's placement capacity under the ASX Listing Rules will be reinstated, enabling it to issue further securities, subject to the ASX Listing Rules, in the next 12 months without Shareholder approval.

(c) Required information

In compliance with ASX Listing Rule 7.5, the Company provides the following information:

Number of securities issued	25,666,667 New Shares and 8,555,547 New Options
Fixed issue price per security	The New Shares were issued at a price of \$0.03 per New Share. The New Options were issued at nil issue price per New Option and with each New Option having an exercise price of \$0.06.
Recipients of issue	Sophisticated and professional investors
Terms of securities	The New Shares are fully paid ordinary shares and the New Options are options to acquire new fully paid ordinary shares (such options being granted on the terms and conditions contained in Schedule 1). The Shares issued (including those to be issued on the exercise of the Options) rank equally with other existing fully paid ordinary shares in the Company.

Use of funds raised

The proceeds of the Placement will be used for general working capital requirements. Expenses associated with the Placement will be paid out of the proceeds of the Placement.

(d) Voting

Some voters may not be allowed to vote on the Resolution. Please refer to the voting exclusion statement in the Notice of Meeting.

(e) Board recommendation

Your directors, Michael Kay, Bryan Petereit, and Michael Norster, unanimously recommend that eligible shareholders **vote in favour** of Resolution 4 set out in the accompanying Notice of Meeting.

If Shareholders cannot attend the Meeting, they are urged to complete the proxy form and return it (see proxy form for details) as soon as possible and, in any event by 11.00am (Melbourne time) on 24 November 2018.

Resolution 5: Approval of issue of Shares to Michael Kay**(a) Explanation**

Mr Michael Kay has agreed to, directly or through one or more nominees, apply for 4,166,666 New Shares at \$0.03 per Share and 1,388,888 New Options in accordance with the terms and conditions in Schedule 1, subject to Shareholder approval at the Meeting.

Mr Michael Kay currently has a relevant interest in approximately 1.25% of the Shares. Assuming each of the Resolutions are passed, then once all issues of Shares contemplated by the Resolutions are completed, Michael Kay will have a relevant interest in approximately 2.84% of the Shares (assuming no New Options are exercised). In broad terms, a person has a relevant interest in securities if the person holds the securities or has the power to control the right to vote attached to them or dispose of them.

(b) Reasons

Under ASX Listing Rule 10.11, a listed company must obtain the approval of its shareholders before it can issue securities to a related party. The proposed issue of securities to Michael Kay requires shareholder approval under ASX Listing Rule 10.11 because, as a director, Michael Kay is a related party of the Company. Pursuant to ASX Listing Rule 7.2 (Exception 14), issues of securities that receive shareholder approval under ASX Listing Rule 10.11 do not take up any part of the Company's placement capacity.

(c) Required information

In compliance with ASX Listing Rule 10.13, the Company provides the following information:

Name of the person

Mr Michael Kay or his nominee(s), Chairman of the Company and a related party of the Company pursuant to section 228(2) of the Corporations Act.

Number of securities to be issued

4,166,666 New Shares and 1,388,888 New Options, for a total subscription amount of \$125,000.

Date by which the securities will be issued

30 November 2018 and otherwise, no later than 30 days after the date of the Meeting.

Terms of securities

The New Shares will be fully paid ordinary shares and the New Options will options to acquire new fully paid ordinary shares (such options being granted on the terms and conditions contained in Schedule 1). The Shares to be issued (including those to be issued on the exercise of the Options) will rank equally with other existing fully paid ordinary shares in the Company.

Issue price of the securities

The New Shares will be issued at a price of \$0.03 per New Share. The New Options will be issued at nil issue price per New Option and with each New Option having an exercise price of \$0.06.

Use of funds raised

The proceeds of Michael Kay's proposed subscription will be used for general working capital purposes.

(d) Voting

Some voters may not be allowed to vote on the Resolution. Please refer to the voting exclusion statement in the Notice of Meeting.

(e) Board recommendation

Other than Michael Kay (who abstains from making a recommendation), your directors unanimously recommend that eligible shareholders **vote in favour** of Resolution 5 set out in the accompanying Notice of Meeting.

If Shareholders cannot attend the Meeting, they are urged to complete the proxy form and return it (see proxy form for details) as soon as possible and, in any event by 11.00am (Melbourne time) on 24 November 2018.

Resolution 6: Approval of issue of Shares to Michael Norster

(a) Explanation

Mr Michael Norster has agreed to, directly or through one or more nominees, apply for 4,166,666 New Shares at \$0.03 per Share and 1,388,888 New Options in accordance with the terms and conditions in Schedule 1, subject to Shareholder approval at the Meeting.

Mr Michael Norster currently has a relevant interest in approximately 10.21% of the Shares. Assuming each of the Resolutions are passed, then once all issues of Shares contemplated by the Resolutions are completed, Michael Norster will have a relevant interest in approximately 11.51% of the Shares (assuming no New Options are exercised). In broad terms, a person has a relevant interest in securities if the person holds the securities or has the power to control the right to vote attached to them or dispose of them.

(b) Reasons

Under ASX Listing Rule 10.11, a listed company must obtain the approval of its shareholders before it can issue securities to a related party. The proposed issue of securities to Michael Norster requires shareholder approval under ASX Listing Rule 10.11 because, as a director, Michael Norster is a related party of the Company. Pursuant to ASX Listing Rule 7.2 (Exception 14), issues of securities that receive shareholder approval under ASX Listing Rule 10.11 do not take up any part of the Company's placement capacity.

(c) Required information

In compliance with ASX Listing Rule 10.13, the Company provides the following information:

Name of the person	Mr Michael Norster or his nominee(s), Director of the Company and a related party of the Company pursuant to section 228(2) of the Corporations Act.
Number of securities to be issued	4,166,666 New Shares and 1,388,888 New Options, for a total subscription amount of \$125,000.
Date by which the securities will be issued	30 November 2018 and otherwise, no later than 30 days after the date of the Meeting.
Terms of securities	The New Shares will be fully paid ordinary shares and the New Options will be options to acquire new fully paid ordinary shares (such options being granted on the terms and conditions contained in Schedule 1). The Shares to be issued (including those to be issued on the exercise of the Options) will rank equally with other existing fully paid ordinary shares in the Company.
Issue price of the securities	The New Shares will be issued at a price of \$0.03 per New Share. The New Options will be issued at nil issue price per New Option and with each New Option having an exercise price of \$0.06.
Use of funds raised	The proceeds of Michael Norster's proposed subscription will be used for general working capital purposes.

(d) Voting

Some voters may not be allowed to vote on the Resolution. Please refer to the voting exclusion statement in the Notice of Meeting.

(e) Board recommendation

Other than Michael Norster (who abstains from making a recommendation), your directors unanimously recommend that eligible shareholders **vote in favour** of Resolution 6 set out in the accompanying Notice of Meeting.

If Shareholders cannot attend the Meeting, they are urged to complete the proxy form and return it (see proxy form for details) as soon as possible and, in any event by 11.00am (Melbourne time) on 24 November 2018.

Resolution 7: Approval of additional 10% placement capacity

(a) Explanation

The Company seeks Shareholder approval to permit the Company to issue an additional 10% of its issued capital over a 12 month period in accordance with ASX Listing Rule 7.1A (**Additional Placement Capacity**).

(b) Reasons

ASX Listing Rule 7.1 permits the Company to issue a maximum of 15% of its capital in any 12 month period without requiring shareholder approval. Under ASX Listing Rule 7.1A, eligible entities (companies that are outside the S&P/ASX 300 Index and have a market capitalisation of \$300 million or less) can issue a further 10% of share capital in 12 months on a non-pro rata basis subject to the company obtaining shareholder approval.

The Company is an eligible entity as at the date of this Notice of Meeting.

The number of Shares that may be issued (if Shareholder approval is obtained at the Annual General Meeting) will be determined in accordance with the following formula prescribed in ASX Listing Rule 7.1A.2:

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

where:

A is the number of fully paid shares on issue 12 months before the date of issue or agreement:

- (A) *plus* the number of fully paid shares issued in the 12 months under an exception in ASX Listing Rule 7.2;
- (B) *plus* the number of partly paid shares that became fully paid in the 12 months;
- (C) *plus* the number of fully paid shares issued in the 12 months with approval of holders of shares under ASX Listing Rules 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% capacity pursuant to ASX Listing Rule 7.1 without shareholder approval; and
- (D) *less* the number of fully paid shares cancelled in the 12 months.

D is 10%.

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

(c) Required information

In compliance with ASX Listing Rule 7.3A, the Company provides the following information:

Minimum price at which equity securities may be issued

The issue price of each Share must be no less than 75% of the volume weighted average price for the Shares calculated over the 15 trading days on which trades in that class were recorded immediately before:

- the date on which the price, at which the securities are to be issued, is agreed; or
- if the securities are not issued within five trading days of the date referred to above, the date on which the securities are issued.

Risk of economic and voting dilution

An issue of Shares under ASX Listing Rule 7.1A involves the risk of economic and voting dilution for existing ordinary security holders. The risks include:

- the market price for shares may be significantly lower on the issue date than on the date of the approval under ASX Listing Rule 7.1A; and
- the equity securities may be issued at a price that is at a discount to the market price for the Shares on the issue date.

Under ASX Listing Rule 7.3A.2, a table describing the notional possible dilution, based upon various assumptions as stated, is set out below.

Date by which the securities will be issued

The period commencing on the date of the Annual General Meeting (to which this Notice relates) at which approval is obtained and expiring on the first to occur of the following:

- the date which is 12 months after the date of the annual general meeting at which approval is obtained; and
- the date of the approval by holders of the Company's ordinary securities of a transaction under ASX Listing Rules 11.1.2 or 11.2.

The approval under ASX Listing Rule 7.1A will cease to be valid if holders of the Company's ordinary securities approve a transaction under ASX Listing Rules 11.1.2 or 11.2.

Purposes for which the equity securities may be issued, including whether the Company may issue them for non-cash consideration

It is the Board's current intention that any funds raised under an issue of equity securities will be used for general working capital requirements and to increase resources available to pursue major clients and partnerships.

The Company reserves the right to issue Shares for non-cash consideration,

including for payment of service or consultancy fees and costs.

Details of ApplyDirect's allocation policy for issues under approval

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to ASX Listing Rule 7.1A. The identity of the allottees will be determined on a case-by-case basis having regard to factors including but not limited to the following:

- the methods of raising funds that are available to the Company including but not limited to, rights issues or other issues in which existing security holders can participate;
- the effect of the issue of the ASX Listing Rule 7.1A shares on the control of the Company;
- the financial situation and solvency of the Company; and
- advice from corporate, financial and broking advisers (if applicable).

The allottees under the ASX Listing Rule 7.1A facility have not been determined as at the date of this Notice of Meeting but may include existing substantial shareholders and new shareholders who are not related parties or associates of a related party of the Company. Further, if the Company is successful in acquiring new assets or investments, it is likely that the allottees under the ASX Listing Rule 7.1A facility will be or include the vendors of the new assets or investments.

Previous approvals under ASX Listing Rule 7.1A

Approval obtained by the Company from Shareholders on 27 November 2017 for additional 10% capacity under ASX Listing Rule 7.1A.

Equity Securities on issue as at 25 October 2018 247,966,324 Shares

The table below shows the dilution of existing Shareholders on the basis of the closing price of Shares on ASX on 1 October 2018 of \$0.03 and the current number of ordinary securities for variable "A" calculated under the formula in ASX Listing Rule 7.1A(2) as at the date of this notice, and assuming Resolution 4 is passed.

The table shows two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require shareholder approval (for example, a pro rata entitlement issue or scrip issued under a takeover offer) or future specific placements under ASX Listing Rule 7.1 that are approved at a future meeting of shareholders.

The table also shows two examples where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the closing price of Shares on ASX on 1 October 2018 of \$0.03.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.015 50% decrease in Issue Price	\$0.03 Issue Price	\$0.06 100% increase in Issue Price
Current Variable A* 247,966,324 Shares	10% voting dilution	24,796,632	24,796,632	24,796,632
	Funds raised	\$371,949	\$743,899	\$1,487,798
50% increase in current Variable A* 371,949,486 Shares	10% voting dilution	37,194,949	37,194,949	37,194,949
	Funds raised	\$557,924	\$1,115,849	\$2,231,697
100% increase in current Variable A* 495,932,648 Shares	10% voting dilution	49,593,265	49,593,265	49,593,265
	Funds raised	\$743,899	\$1,487,798	\$2,975,596

*Note: Current Variable A refers to the calculation required by Listing Rule 7.1A.2.

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Shares available under the 10% ASX Listing Rule 7.1A approval.
- (ii) No Options are exercised to convert into Shares before the date of the issue of the Shares available under ASX Listing Rule 7.1A.
- (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (iv) The table does not show an example of dilution that may be caused to a particular shareholder by reason of any Share issue under ASX Listing Rule 7.1A, based on that shareholder's holding at the date of the meeting.
- (v) The table shows only the effect of issues of equity securities under ASX Listing Rule 7.1A, not under the 15% placement capacity under ASX Listing Rule 7.1.
- (vi) The issue of securities under ASX Listing Rule 7.1A consists only of Shares.
- (vii) The issue price is \$0.03, being the closing price of the shares on ASX on 1 October 2018.

(d) Board recommendation

Your directors Bryan Petereit, Michael Kay and Michael Norster, unanimously recommend that eligible shareholders **vote in favour** of Resolution 7 set out in the accompanying Notice of Meeting.

If Shareholders cannot attend the Meeting, they are urged to complete the proxy form and return it (see proxy form for details) as soon as possible and, in any event by 11.00am (Melbourne time) on 24 November 2018.

3. Glossary

AD1	means ApplyDirect Limited ACN 123 129 162.
ASIC	means the Australian Securities and Investments Commission.
ASX	means ASX Limited or its financial market, the Australian Securities Exchange, as the context requires.
ASX Listing Rules	means the listing rules of ASX as they are amended from time to time.
Board	means the board of directors of AD1 from time to time.
Company	means AD1.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Explanatory Memorandum	means the explanatory notes to the Resolutions that forms part of the Notice of Meeting.
Meeting	means the annual general meeting of Shareholders called by the Notice of Meeting.
New Options	means the Options that have been or are proposed to be issued as part of AD1's capital raising initiative announced to ASX on 26 September 2018.
New Securities	means the New Shares and New Options.
New Shares	means the Shares that have been or are proposed to be issued as part of AD1's capital raising initiative announced to ASX on 26 September 2018 .
Notice or Notice of Meeting or Notice of Annual General Meeting	means this notice of annual general meeting and explanatory memorandum.
Option	means an option to acquire a new fully paid ordinary share in the capital of AD1 issued on the terms and conditions contained in Schedule 1.
Placement	means the placement of New Securities that were issued on 4 October 2018 to sophisticated and professional investors.
Resolutions	means the resolutions set out in the Notice.
Share	means a fully paid ordinary share in the capital of AD1.
Shareholder	means a holder of one or more Shares.

Schedule 1 – Terms of New Options

The rights and liabilities attaching to the New Options are summarised as follows:

Register

The Company maintains a register of holders of options (which include the New Options) in accordance with section 168(1)(b) of the Corporations Act.

Transfer/transmission

New Options will not be quoted on ASX. Options are transferable. However, upon transfer, the transferor must notify the Board of the transfer within 5 business days of the date of transfer.

Issue and lapse

New Options issued to a holder will lapse on the relevant expiry date if not exercised on or before that date. The expiry date for the New Options is the date that is 3 years after the date of allotment.

Exercise

A New Option may be exercised at any time prior to its expiry by delivery to the Company of a duly completed notice of exercise of the New Options (**Exercise Notice**), signed by the registered holder of the New Option, together with payment to the Company of the relevant exercise price per New Option being exercised and the relevant option certificate. The exercise price for each New Option is A\$0.06.

New Options which are validly exercised will be deemed to have been exercised on the date that an Exercise Notice in respect of those New Options is lodged with the Company. A notice of exercise of New Options is only effective when the Company has received the full amount of the exercise price in cash or cleared funds.

Dividend entitlement

New Options do not carry any dividend entitlement until they are exercised. Fully paid ordinary shares in the Company (**Shares**) issued on the exercise of New Options rank equally with other Shares then on issue from their date of issue and are entitled to dividends paid on and from this date where the record date for the dividends occurs after the date of issue of the Shares.

Participation rights

For determining entitlements to the issue, a holder of New Options may only participate in new issues of securities to holders of applicable Shares if the New Option has been exercised and a Share allotted in respect of the New Option before the relevant record date.

The Company must give at least 6 business days' notice to holders of New Options of any new issue before the relevant record date for determining entitlements to the issue in accordance with the ASX Listing Rules.

If between the date of issue and the date of exercise of a New Option the Company makes one or more rights issues (being a pro rata issue of Shares that is not a bonus issue) in accordance with the ASX Listing Rules, the exercise price of New Options on issue will be reduced in respect of each rights issue according to the following formula:

$$NE = OE - \frac{E[P - (S+D)]}{N + 1}$$

where:

NE is the new exercise price of the New Option;

OE is the old exercise price of the New Option;

E is the number of underlying Shares into which one New Option is exercisable;

P is the average closing sale price per Share (weighted by reference to volume) during the 5 trading days ending on the day before the ex-rights date or ex entitlements date (excluding special crossings and overnight sales);

S is the subscription price for a Share under the rights issue;

D is the dividend due but not yet paid on each Share at the relevant time; and

N is the number of Shares that must be held to entitle holders to receive a new Share in the rights issue.

If there is a bonus issue to the holders of Shares, the number of Shares over which the New Option is exercisable will be increased by the number of Shares which the holder of the New Option would have received if the New Option had been exercised before the relevant record date for the bonus issue.

Reconstructions and alteration of capital

Any adjustment to the number of outstanding New Options and the exercise price under a reorganisation of the Company's share capital must be made in accordance with the ASX Listing Rules at the time of the reorganisation.

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



BY MAIL

ApplyDirect 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; or
Level 12, 680 George Street, Sydney NSW 2000



ALL ENQUIRIES TO

Telephone: +61 1300 554 474



X99999999999

PROXY FORM

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

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 of the person or body corporate you are appointing as your proxy

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 **11.00am (Melbourne time) on Monday, 26 November 2018 at Minter Ellison, Level 23, Rialto Towers, 525 Collins Street, Melbourne Victoria 3000** (the Meeting) and at any postponement or adjournment of the Meeting.

Important for Resolutions 1, 5 & 6: 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, 5 & 6, 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.

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

1 Adoption of Remuneration Report

For Against Abstain*

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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5 Approval of issue of shares to Mr Michael Kay (Chairman)

For Against Abstain*

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

2 Re-election of Director – Mr Michael Norster

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

6 Approval of issue of shares to Mr Michael Norster (Director)

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

3 Re-election of Director – Mr Michael Kay

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

7 Approval of additional 10% placement capacity

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

4 Ratification of Placement

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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* 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.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

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).

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 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:

- (a) 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
- (b) 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 the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11.00am (Melbourne time) on Saturday, 24 November 2018**, 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) as shown on the front of the Proxy Form).



BY MAIL

ApplyDirect Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138
or
Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**