



**READCLOUD LIMITED**  
**ACN 136 815 891**

# **Notice of Annual General Meeting**

## **Explanatory Statement and Proxy Form**

Date of Meeting:  
**Wednesday, 27 November 2019**

Time of Meeting:  
**11.00am (AEDT)**

Place of Meeting:  
**PKF Melbourne**  
**Level 12, 440 Collins Street**  
**Melbourne, Victoria, 3000**

*This Notice of Annual General Meeting and Explanatory Statement should be read in its entirety.  
If shareholders are in doubt as to how they should vote, they should seek advice from their  
accountant, solicitor or other professional advisor without delay*

# READCLOUD LIMITED

ACN 136 815 891

Registered office: Unit 1, 426 Glen Huntly Road, Elsternwick, Victoria 3185

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of shareholders of ReadCloud Limited (the "Company") will be held at the offices of PKF Melbourne, Level 12, 440 Collins Street, Melbourne, Victoria, 3000 at 11.00am (AEDT) on Wednesday, 27 November 2019 ("Annual General Meeting" or "Meeting").

### AGENDA

The Explanatory Statement and proxy form which accompany and form part of this Notice, includes defined terms and describe in more detail the matters to be considered. Please consider this Notice, the Explanatory Statement and the proxy form in their entirety.

#### ORDINARY BUSINESS

##### Receipt and consideration of Accounts & Reports

To receive and consider the financial report of the Company and the related reports of the Directors (including the Remuneration Report) and auditors for the year ended 30 June 2019.

*Note: Except for as set out in Resolution 1, there is no requirement for shareholders to approve these reports. Accordingly, no resolution will be put to shareholders on this item of business.*

##### Resolution 1: Adoption of Remuneration Report

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

*"That for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report (included in the Directors' Report) for the financial year ended 30 June 2019 be adopted."*

##### Resolution 2: Re-election of Mr Darren Hunter as a Director of the Company

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

*"That Mr Darren Hunter, who retires by rotation pursuant to the Constitution of the Company and, being eligible, offers himself for re-election, be re-elected as a Director of the Company."*

##### Resolution 3: Ratification of Prior Issue of Shares

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

*"That for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve, ratify and confirm the allotment and issue of 1,000,000 fully paid ordinary shares in the Company at a deemed issue price of \$0.40 (40 cents) per Share on 13 May 2019 as described in the Explanatory Statement."*

##### Resolution 4: Ratification of Prior Issue of Shares

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

*"That for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve, ratify and confirm the allotment and issue of 5,555,556 fully paid ordinary shares in the Company at an issue price of \$0.40 (40 cents) per Share on 6 August 2019 as described in the Explanatory Statement."*

##### Resolution 5: Ratification of Prior Issue of Shares

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

*"That for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve, ratify and confirm the allotment and issue of 3,600,000 fully paid ordinary shares in the Company at a deemed issue price of \$0.40 (40 cents) per Share on 23 September 2019 as described in the Explanatory Statement."*

## **SPECIAL BUSINESS**

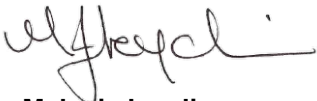
### **Resolution 6: Approval of 10% Placement Facility**

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

*“That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Statement.”*

DATED this 18th day of October 2019 at Melbourne.

By order of the Board

A handwritten signature in black ink, appearing to read 'Melanie Leydin', with a stylized flourish at the end.

**Melanie Leydin**  
**Company Secretary**

## Notes

1. **Entire Notice:** The details of the resolutions contained in the Explanatory Statement accompanying this Notice of Meeting should be read together with, and form part of, this Notice of Meeting.
2. **Record Date:** The Company has determined that for the purposes of the Annual General Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7:00pm on the date 48 hours before the date of the Annual General Meeting. Only those persons will be entitled to vote at the Annual General Meeting and transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.
3. **Proxies**
  - a. Votes at the Annual General Meeting may be given personally or by proxy, attorney or representative.
  - b. Each shareholder has a right to appoint one or two proxies.
  - c. A proxy need not be a shareholder of the Company.
  - d. If a shareholder is a company it must execute under its common seal or otherwise in accordance with its constitution or the Corporations Act.
  - e. Where a shareholder is entitled to cast two or more votes, the shareholder may appoint two proxies and may specify the proportion of number of votes each proxy is appointed to exercise.
  - f. If a shareholder appoints two proxies, and the appointment does not specify the proportion or number of the shareholder's votes, each proxy may exercise half of the votes. If a shareholder appoints two proxies, neither proxy may vote on a show of hands.
  - g. A proxy form must be signed by the shareholder or his or her attorney who has not received any notice of revocation of the authority. Proxies given by corporations must be signed in accordance with corporation's constitution and Corporations Act.
  - h. To be effective, proxy forms must be received by the Company's share registry (Boardroom Limited) no later than 48 hours before the commencement of the Annual General Meeting, this is no later than 11.00am (AEDT) on Monday, 25 November 2019. Any proxy received after that time will not be valid for the scheduled meeting.

## 4. Corporate Representative

Any corporate shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

## 5. How the Chairman will vote Undirected Proxies

Subject to the restrictions set out in Note 6 below, the Chairman of the meeting will vote undirected proxies in favour of all of the proposed resolutions.

## 6. Voting Exclusion Statement:

### Resolution 1

The Company will disregard any votes cast on this resolution (in any capacity) by or on behalf of a member of the Key Management Personnel (being those persons described as such in the Remuneration Report) or a closely related party of such a member unless the vote cast as proxy for a person entitled to vote:

- (a) in accordance with a direction on the proxy form; or
- (b) by the Chairman of the meeting as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit.

Accordingly, if you intend to appoint a member of Key Management Personnel as your proxy, please ensure that you direct them how to vote. If you intend to appoint the Chairman of the meeting as your proxy, you can direct him to vote by marking the box for Resolution 1. By marking the Chairman's box on the proxy form you acknowledge that the Chairman of the meeting will vote in favour of this item of business as your proxy. The Chairman will vote undirected proxies in favour of Resolution 1.

### Resolution 2

There are no voting exclusions on these Resolutions.

### Resolutions 3, 4 and 5

The Company will disregard any votes cast in favour of Resolutions 3, 4 and 5 by or on behalf of any person who participated in the relevant issue and any associates of those persons.

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

- a. by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- b. 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.

### Resolution 6

The Company will disregard any votes cast in favour of this Resolution by any person who may participate in the proposed issue or any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares, and any associate of such person.

## 7. Enquiries

Shareholders are invited to contact the Company Secretary, Melanie Leydin on (03) 9692 7222 if they have any queries in respect of the matters set out in these documents.

## **EXPLANATORY STATEMENT**

### **Receipt and consideration of Accounts & Reports**

A copy of the Annual Report for the financial year ending 30 June 2019 which incorporates the Company's financial report, reports of the Directors (including the Remuneration Report and the Auditor's Report) is not enclosed as there is no longer a requirement for the Company to incur the printing and distribution cost associated with doing so for all shareholders. You may obtain a copy free of charge in hard copy form by contacting the Company by phone at (03) 9692 7222, and you may request that this occurs on a standing basis for future years. Alternatively, you may access the Annual Report at the Company's website: [www.readcloud.com](http://www.readcloud.com) or via the Company's announcement platform on ASX. Except as set out in Resolution 1, no resolution is required on these reports.

### **Resolution 1: Adoption of Remuneration Report**

#### ***Background***

Section 250R(2) of the Corporations Act requires that a resolution to adopt the remuneration report must be put to the vote at the Annual General Meeting. The vote on this Resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report is set out in the Directors' Report in the Company's 2019 Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company.

In accordance with Section 250SA of the Corporations Act 2001, Shareholders will be provided with a reasonable opportunity to ask questions concerning, or make comments on, the remuneration report at the Annual General Meeting.

The Corporations Act requires the Company to put a resolution to Shareholders that, in accordance with Division 9 of Part 2G.2 of the Corporations Act, if twenty five (25%) per cent or more of 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 be held within 90 days at which all of the Company's Directors (other than the Managing Director) must go up for re-election.

#### ***Board Recommendation***

Noting that each Director has a personal interest in their own remuneration from the Company (as such interests are described in the Remuneration Report) and, as described in the voting exclusions on this resolution (set out in the Notice of AGM), that each Director (or any Closely Related Party of a Director) is excluded from voting their shares on this resolution, the Directors unanimously recommend that shareholders vote in favour of Resolution 1 to adopt the Remuneration Report.

#### ***Voting Exclusions***

Refer to Note 6 for voting exclusions.

### **Resolution 2: Re-election of Mr Darren Hunter as a Director of the Company**

#### ***Background***

The Constitution of the Company requires that at every Annual General Meeting, one third of Directors (excluding the Managing Director) shall retire from office and provides that such Directors are eligible for re-election at the meeting. Mr Darren Hunter being eligible, offers himself for re-election.

Mr Hunter was appointed as a Non-Executive Director of the Company on 3 August 2015.

Mr Hunter commenced his career in IT in 1984. Following a number of varied and senior roles he co-founded IWL, a financial planning and online stockbroking software provider in 1997. IWL was listed on the ASX in 1999 and provided Westpac and National Australia Bank with their online broking capabilities. Darren's role was that of CIO and group strategy. IWL grew into an ASX 300 company with over 500 employees and was eventually acquired by CBA for \$373 million. He commenced with ReadCloud in 2015 in the role of Chief Information Officer.

### ***Board Recommendation***

The Board (with Mr Hunter abstaining), recommends that shareholders vote in favour of the re-election of Mr Hunter. The Chairman of the meeting intends to vote undirected proxies in favour of Mr Hunter's re-election.

### ***Voting Exclusions***

There are no voting exclusions on this Resolution.

### **Resolution 3: Ratification of Prior Issue of Shares**

The Company is seeking Shareholder approval pursuant to ASX Listing Rule 7.4 to ratify the issue of 1,000,000 fully paid ordinary shares at a deemed issue price of \$0.40 (40 cents) as deferred consideration for the acquisition of Australian Institute of Education & Training (**AIET**). The Appendix 3B relating to the issue was announced to ASX on 13 May 2019.

The 1,000,000 fully paid ordinary shares were issued without shareholder approval under the Company's 15% placement capacity pursuant to ASX Listing Rule 7.1.

ASX Listing Rule 7.1 provides that a company must not, subject to specific exceptions, issue or agree to issue during any twelve (12) month period any equity securities, or other securities with rights to conversion to equity (such as options), if the number of those securities exceeds 15% of the share capital of the Company on issue at the commencement of the twelve (12) month period.

ASX Listing Rule 7.4 provides that where a company's shareholders ratify the prior issue of securities made pursuant to ASX Listing Rule 7.1 and/or Listing Rule 7.1A (provided that the previous issue of securities did not breach ASX Listing Rule 7.1 or 7.1A) those securities will be deemed to have been issued with shareholder approval for the purposes of ASX Listing Rule 7.1 and 7.1A (if applicable). The Company seeks approval under Listing Rule 7.4 to refresh its capacity to make further issues without shareholder approval under Listing Rule 7.1 and 7.1A.

ASX Listing Rule 7.5 requires that the following information be provided to shareholders for the purpose of obtaining shareholder approval pursuant to ASX Listing Rule 7.4:

- (a) the total number of fully paid ordinary shares in the Company that were issued was 1,000,000;
- (b) the shares were issued at a deemed issue price of \$0.40 (40 cents) per share;
- (c) the shares allotted and issued are fully paid ordinary shares which have the same terms and rights as, and ranking equally with, the Company's existing shares;
- (d) the shares were allotted and issued to Mr Nicholas Mardling who is a related party of the Company;
- (e) there were no funds raised from this issue. The shares were issued as deferred consideration for the acquisition of AIET;
- (f) a voting exclusion statement is included in the Notice.

### ***Board Recommendation***

The Board unanimously recommends that shareholders vote in favour of Resolution 3.

### ***Voting Exclusions***

Refer to Note 6 for voting exclusions.

### **Resolution 4: Ratification of Prior Issue of Shares**

The Company is seeking Shareholder approval pursuant to ASX Listing Rule 7.4 to ratify the issue of 5,555,556 fully paid ordinary shares at an issue price of \$0.36 (36 cents) in relation to a Placement by Company. The Appendix 3B relating to the issue was announced to ASX on 6 August 2019.

The 5,555,556 fully paid ordinary shares were issued without shareholder approval under the Company's 15% placement capacity pursuant to ASX Listing Rule 7.1.

ASX Listing Rule 7.1 provides that a company must not, subject to specific exceptions, issue or agree to issue during any twelve (12) month period any equity securities, or other securities with rights to conversion to equity (such as options), if the number of those securities exceeds 15% of the share capital of the Company on issue at the commencement of the twelve (12) month period.

ASX Listing Rule 7.4 provides that where a company's shareholders ratify the prior issue of securities made pursuant to ASX Listing Rule 7.1 and/or Listing Rule 7.1A (provided that the previous issue of securities did not breach ASX Listing Rule 7.1 or 7.1A) those securities will be deemed to have been issued with shareholder approval for the purposes of ASX Listing Rule 7.1 and 7.1A (if applicable). The Company seeks approval under Listing Rule 7.4 to refresh its capacity to make further issues without shareholder approval under Listing Rule 7.1 and 7.1A.

ASX Listing Rule 7.5 requires that the following information be provided to shareholders for the purpose of obtaining shareholder approval pursuant to ASX Listing Rule 7.4:

- (a) the total number of fully paid ordinary shares in the Company that were issued was 5,555,556;
- (b) the shares were issued at a deemed issue price of \$0.36 (36 cents) per share;
- (c) the shares allotted and issued are fully paid ordinary shares which have the same terms and rights as, and ranking equally with, the Company's existing shares;
- (d) the shares were allotted and issued to institutional and professional investors in the Company;
- (e) funds raised from the placement will be used to fund the Company's general working capital requirements and to fund growth of the Company.
- (f) a voting exclusion statement is included in the Notice.

#### ***Board Recommendation***

The Board unanimously recommends that shareholders vote in favour of Resolution 4.

#### ***Voting Exclusions***

Refer to Note 6 for voting exclusions.

#### **Resolution 5: Ratification of Prior Issue of Shares**

The Company is seeking Shareholder approval pursuant to ASX Listing Rule 7.4 to ratify the issue of 3,600,000 fully paid ordinary shares at a deemed issue price of \$0.40 (40 cents) as deferred consideration for the acquisition of ALET. The Appendix 3B relating to the issue was announced to ASX on 23 September 2019.

The 3,600,000 fully paid ordinary shares were issued without shareholder approval under the Company's 15% placement capacity pursuant to ASX Listing Rule 7.1.

ASX Listing Rule 7.1 provides that a company must not, subject to specific exceptions, issue or agree to issue during any twelve (12) month period any equity securities, or other securities with rights to conversion to equity (such as options), if the number of those securities exceeds 15% of the share capital of the Company on issue at the commencement of the twelve (12) month period.

ASX Listing Rule 7.4 provides that where a company's shareholders ratify the prior issue of securities made pursuant to ASX Listing Rule 7.1 and/or Listing Rule 7.1A (provided that the previous issue of securities did not breach ASX Listing Rule 7.1 or 7.1A) those securities will be deemed to have been issued with shareholder approval for the purposes of ASX Listing Rule 7.1 and 7.1A (if applicable). The Company seeks approval under Listing Rule 7.4 to refresh its capacity to make further issues without shareholder approval under Listing Rule 7.1 and 7.1A.

ASX Listing Rule 7.5 requires that the following information be provided to shareholders for the purpose of obtaining shareholder approval pursuant to ASX Listing Rule 7.4:

- (a) the total number of fully paid ordinary shares in the Company that were issued was 3,600,000;
- (b) the shares were issued at a deemed issue price of \$0.40 (40 cents) per share;
- (c) the shares allotted and issued are fully paid ordinary shares which have the same terms and rights as, and ranking equally with, the Company's existing shares;

- (d) the shares were allotted and issued to Mr Nicholas Mardling who is a related party of the Company being an employee of AIET;
- (e) there were no funds raised from this issue. The shares were issued as deferred consideration for the acquisition of AIET;
- (f) a voting exclusion statement is included in the Notice.

### **Board Recommendation**

The Board unanimously recommends that shareholders vote in favour of Resolution 5.

### **Voting Exclusions**

Refer to Note 6 for voting exclusions.

## **Resolution 6: Approval of 10% Placement Facility**

### **Background**

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the Annual General Meeting ("**10% Placement Facility**"). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

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

The Company is seeking shareholder approval by way of a special resolution to have the ability, if required, to issue Equity Securities under the 10% Placement Facility. The effect of Resolution 6 will be to allow the Directors to issue Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

If Shareholders approve Resolution 6, the number of Equity Securities permitted to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (see below).

Resolution 6 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote at this Meeting (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

### **Description of Listing Rule 7.1A**

#### *(a) Shareholder approval*

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an Annual General Meeting. This means it requires approval of 75% of the votes cast by shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative).

#### *(b) Equity Securities*

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue Fully Paid Ordinary Shares, Listed and Unlisted Options.

#### *(c) Formula for calculating 10% Placement Facility*

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an Annual General Meeting may issue or agree to issue, during the 12 month period after the date of the Annual General Meeting, a number of Equity Securities calculated in accordance with the following formula:

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

**A** is the number of 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 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 Listing Rules 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- (D) less the number of fully paid shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

**D** is 10%

**E** is 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 the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) *Listing Rule 7.1 and Listing Rule 7.1A*

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2

(e) *Minimum Issue Price*

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 trading days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) *10% Placement Period*

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the Annual General Meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the Annual General Meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

**(10% Placement Period).**

### **Listing Rule 7.1A**

The effect of Resolution 6 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 6 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

### **Specific information required by Listing Rule 7.3A**

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 trading days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within 5 trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 6 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. Shareholders may be exposed to economic risk and voting dilution, including the following:
- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date,

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

The below table shows the dilution of existing Shareholders on the basis of the market price of Shares as at **15 October 2019 (Current Share Price)** and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also 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 entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Issue Price		
		\$0.17 50% decrease in Current Share Price	\$0.340 Current Share Price	\$0.680 100% increase in Current Share Price
<b>Current Variable A</b> 97,905,556 Shares	<b>10% Voting Dilution</b>	9,790,556 Shares		
	<b>Funds raised</b>	\$1,664,394	\$3,328,789	\$6,657,578
<b>50% increase in current Variable A</b> 146,858,334 Shares	<b>10% Voting Dilution</b>	14,685,833 Shares		
	<b>Funds raised</b>	\$2,496,592	\$4,993,183	\$9,986,367
<b>100% increase in current Variable A</b> 195,811,112 Shares	<b>10% Voting Dilution</b>	19,581,111 Shares		
	<b>Funds raised</b>	\$3,328,789	\$6,657,578	\$13,315,156

The table has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- No Options (including any Options issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities;
- 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%.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Annual General Meeting.
- The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

- The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
  - The Current Share Price is **\$0.340** (34 cents), being the closing price of the Shares on ASX on **15 October 2019**.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 6 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) non-cash consideration for the acquisition of the new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
  - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expense associated with such acquisition), continued expenditure on the Company's current business and/or general working capital.
- (e) The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.
- The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
  - (ii) the effect of the issue of the Equity Securities on the control of the Company;
  - (iii) the financial situation and solvency of the Company; and
  - (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or 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 businesses, assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new businesses, assets or investments.

- (f) A voting exclusion statement is included in the Notice. At the date of this Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in this Notice.

#### Equity Issues over the Last 12 Months – Listing Rule 7.3A.6

The table below shows the total number of equity securities issued in the past 12 months preceding the date of the Annual General Meeting and the percentages those issues represent of the total number of equity securities on issue at the commencement of the 12-month period.

Number of equity securities on issue at commencement of 12 month period	116,619,995
Equity securities issued in the prior 12 month period*	10,965,556
Percentage of equity issues represent of total number of equity securities on issue at commencement of 12 month period	9.40%

\* For full details of the issues of equity securities made by the Company since the date of the last Annual General Meeting, see Annexure A. Included in this Appendix is a summary of the amount of funds raised as a result of the capital raisings during the previous 12 month period.

***Directors Recommendations***

The Directors of the Company believe that Resolution 6 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

***Voting Exclusions***

Refer to Note 6 for voting exclusions.

## GLOSSARY

The following terms have the following meanings in this Explanatory Statement:

“\$” means Australian Dollars;

“**10% Placement Facility**” has the meaning as defined in the Explanatory Statement for Resolution 6;

“**10% Placement Period**” has the meaning as defined in the Explanatory Statement for Resolution 6;

“**Annual Report**” means the Directors’ Report, the Financial Report, and Auditor’s Report, in respect to the year ended 30 June 2019;

“**ASX**” means ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange, as the context requires;

“**ASX Settlement Operating Rules**” means the rules of ASX Settlement Pty Ltd which apply while the Company is an issuer of CHES approved securities;

“**Auditor’s Report**” means the auditor’s report on the Financial Report;

“**AEDT**” means Australian Eastern Daylight Time.

“**Board**” means the Directors acting as the board of Directors of the Company;

“**Chairman**” means the person appointed to chair the Meeting of the Company convened by the Notice;

“**CHES**” has the meaning in Section 2 of the ASX Settlement Operating Rules;

“**Closely Related Party**” means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

“**Company**” means ReadCloud Limited ACN 136 815 891;

“**Constitution**” means the constitution of the Company as at the date of the Meeting;

“**Corporations Act**” means the Corporations Act 2001 (Cth);

“**Director**” means a Director of the Company;

“**Directors Report**” means the annual directors’ report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities;

“**Equity Security**” has the same meaning as in the Listing Rules;

“**Explanatory Memorandum**” means the explanatory memorandum which forms part of the 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**” means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company;

“**Listing Rules**” means the Listing Rules of the ASX;

“**Meeting**” has the meaning given in the introductory paragraph of the Notice;

“**Notice**” means this Notice of Meeting including the Explanatory Statement;

“**Proxy Form**” means the proxy form attached to the Notice;

“**Remuneration Report**” means the remuneration report which forms part of the Directors’ Report of the Company for the financial year ended 30 June 2019 and which is set out in the 2019 Annual Report;

“**Resolution**” means a resolution referred to in the Notice;

“**Section**” means a section of the Explanatory Memorandum;

“**Share**” means a fully paid ordinary share in the capital of the Company;

“**Shareholder**” means shareholder of the Company;

“**Trading Day**” means a day determined by ASX to be a trading day in accordance with the Listing Rules; and

“**VWAP**” means volume weighted average price.

## Annexure A

### CASH ISSUES

Date	Number of Securities	Security Type	Terms	Description	Party or Basis	Price	Discount	Total Consideration	Use of Consideration
6 August 2019	5,555,556	FPO	FPO	Placement	Institution and sophisticated investors	\$0.36	N/A	\$2,000,000	Assist with marketing and system development to accelerate expansion into growing opportunities in the Vocational Education and Training sector. These funds are not utilised yet and there are \$2m remaining as on date of this Notice.
<b>Total</b>								<b>\$2,000,000</b>	

### NON-CASH ISSUES

Date	Number of Securities	Security Type	Terms	Description	Party or Basis	Price/Value per security	Discount	Total Consideration	Use of Consideration
9 Jan 2019	360,000	UO	Item 1	Option Issue	Issue of unlisted options to employees of the Company in accordance with the Employee Share Option Plan	\$0.177	N/A	Nil	Issued to Employee in accordance with Employment Share Option Plan
13 May 2019	1,000,000	EFPO	Item 2	Share Issue	Shares issued as deferred consideration for the acquisition of AIET	\$0.40	Nil	\$400,000	Acquisition shares
23 Sep 2019	3,600,000	EFPO	Item 3	Share Issue	Shares issued as deferred consideration for the acquisition of AIET	\$0.40	Nil	\$1,440,000	Acquisition shares
23 Sep 2019	450,000	UO	Item 4	Option Issue	Issue of unlisted options to employees of the Company in accordance with the Employee Share Option Plan	\$0.22	N/A	N/A	Issued to Employee in accordance with Employment Share Option Plan

### Glossary

*FPO* Fully Paid Ordinary Shares

*EFPO* Escrowed Fully Paid Ordinary Shares

*UO* Unlisted Options

### Terms

*Item 1* Unlisted Options exercisable at \$0.35 each, expiring on 14 December 2021

*Item 2* 500,000 Fully Paid Ordinary Shares subject to disposal restriction until expiry of a 12 months escrow to 13 May 2020  
500,000 Fully Paid Ordinary Shares subject to disposal restriction until expiry of a 24 months escrow to 13 May 2021

*Item 3* 1,800,000 Fully Paid Ordinary Shares subject to disposal restriction until expiry of a 12 months escrow to 13 September 2020  
1,800,000 Fully Paid Ordinary Shares subject to disposal restriction until expiry of a 24 months escrow to 13 September 2021

*Item 4* 450,000 Unlisted Options exercisable at \$0.34 and expiring on 12 July 2022 issued to employees under the Company's ESOP



Mr John Citizen  
1 Sample Avenue  
CITIZEN SA 5000

#### All Correspondence to:

✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia

📠 **By Fax:** +61 2 9290 9655

💻 **Online:** [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)

☎ **By Phone:** (within Australia) 1300 737 760  
(outside Australia) +61 2 9290 9600

## YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 11.00am (AEDT) on Monday, 25 November 2019.**

### 🖥 TO VOTE ONLINE

- STEP 1: VISIT** <https://www.votingonline.com.au/rclagm2019>
- STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)**
- STEP 3: Enter your Voting Access Code (VAC): 12345678**

### 📱 BY SMARTPHONE



Scan QR Code using smartphone  
QR Reader App

### TO VOTE BY COMPLETING THE PROXY FORM

#### STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

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

##### Appointment of a Second Proxy

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

To appoint a second proxy you must:

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

#### STEP 2 VOTING DIRECTIONS TO YOUR PROXY

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

##### Proxy which is a Body Corporate

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

#### STEP 3 SIGN THE FORM

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

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

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

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

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

#### STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **11.00am (AEDT) on Monday, 25 November 2019.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

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

- 🖥 **Online** <https://www.votingonline.com.au/rclagm2019>
- 📠 **By Fax** + 61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993,  
Sydney NSW 2001 Australia
- 👤 **In Person** Boardroom Pty Limited  
Level 12, 225 George Street,  
Sydney NSW 2000 Australia

#### Attending the Meeting

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

Mr John Citizen  
1 Sample Avenue  
CITIZEN SA 5000

☐
**Your Address**

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

**Please note, you cannot change ownership of your securities using this form.**

## PROXY FORM

### STEP 1 APPOINT A PROXY

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

☐

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

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at **PKF Melbourne, Level 12, 440 Collins Street, Melbourne, Victoria, 3000 on Wednesday, 27 November 2019 at 11.00am (AEDT)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolution 1, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of this Resolution even though Resolution 1 is connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolution 1). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

### STEP 2 VOTING DIRECTIONS

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

		For	Against	Abstain*
Resolution 1	Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Mr Darren Hunter as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of Prior Issue of 1,000,000 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Ratification of Prior Issue of 5,555,556 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Ratification of Prior Issue of 3,600,000 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### STEP 3 SIGNATURE OF SECURITYHOLDERS

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2019