

# Bluechiip Limited

ACN 104 795 922

## Notice of Annual General Meeting – Friday, 31 October 2014 at 10.00am AEDT

Notice is given that the Annual General Meeting (AGM) of Bluechiip Limited (**Bluechiip** or **Company**) will be held at Phillips Ormonde Fitzpatrick, Level 23, 367 Collins Street, Melbourne on Friday 31 October 2014 at 10.00am AEDT.

The Explanatory Statement which accompanies and forms part of this Notice of Meeting more fully describes the matters to be considered at the Annual General Meeting.

Terms and abbreviations used in this Notice and Explanatory Statement are defined in Section 8 of the Explanatory Statement.

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### Ordinary Business

#### 1 Financial Statements and Reports for the year ended 30 June 2014

To receive and consider the Company's Financial Report, the Directors' Report and the Auditor's Report for the financial year ended 30 June 2014.

**Note:** No resolution will be required to be passed on this matter.

#### 2 Resolution 1 - Remuneration Report

To consider, and, if thought fit, to pass the following ordinary resolution in accordance with section 250R(2) of the Corporations Act:

*"That the Remuneration Report forming part of the Directors' Report for the financial year ended 30 June 2014 be adopted."*

**Note:** The vote will be determined as an **ordinary resolution** but is advisory only and does not bind the Company or its Directors.

#### 3 Resolution 2 – Election of Director

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

*"That Mr Matthew Morgan, a director retiring in accordance with clause 57 of the Constitution, and being eligible, is elected as a Director of the Company."*

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### Special Business

#### 4 Resolution 3 - Ratification of Previous Issues of Shares

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

*"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Company ratifies and approves the allotment and issue of 17,212,275 Shares that were issued in the 12*

month prior to 31 October 2014, as detailed in the Explanatory Statement accompanying this Notice of Meeting.”

## **5 Resolution 4 - Approval of Options**

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

*“That, in accordance with ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the allotment and issue of 10,950,000 unquoted options over Shares exercisable at \$0.13 each and expiring 31 March 2015, each on the terms and conditions contained in the Explanatory Statement.”*

## **6 Resolution 5 – Approval of Issue of Shares to Messrs Iain Kirkwood and Brett Schwarz, and Dr Chaffey**

To consider, and, if thought fit, to pass the following resolutions as separate **ordinary resolutions**:

- (a) *“That, pursuant to and in accordance with ASX Listing Rule 10.11, and for all other purposes, the Company authorises and approves the issue to Mr. Kirkwood of 500,000 Shares, as described in the Explanatory Statement.”*
- (b) *“That, pursuant to and in accordance with ASX Listing Rule 10.11, and for all other purposes, the Company authorises and approves the issue to Mr. Brett Schwarz of 284,770 Shares, as described in the Explanatory Statement.”*
- (c) *“That, pursuant to and in accordance with ASX Listing Rule 10.11, and for all other purposes, the Company authorises and approves the issue to Dr. Jason Chaffey of 206,250 Shares, as described in the Explanatory Statement.”*

## **7 Resolution 6 - Approval of Additional 10% Placement Facility**

To consider, and, if thought fit, to pass with or without amendment, as a **special resolution**:

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

## VOTING RESTRICTIONS

RESOLUTION	PERSONS EXCLUDED FROM VOTING
<b>Resolution 1 – Adoption of the Remuneration Report</b>	<p>A member of the Key Management Personnel ("KMP") named in the Remuneration Report or that KMP's Closely Related Party. However, a vote may be cast by such person if:</p> <ul style="list-style-type: none"> <li>(a) the person is acting as proxy and the proxy form specifies how the proxy is to vote, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution 1 as described above; or</li> <li>(b) the person is the Chair voting an undirected proxy which expressly authorises the Chair to vote the proxy on a resolution connected directly or indirectly with the remuneration of a member of the KMP.</li> </ul>
<b>Resolution 3 – Ratification of previous issues of Shares (ASX Listing Rule 7.4)</b>	Any person who participated in the issues of Shares described in section 4 of the Explanatory Statement and any associates of such persons.
<b>Resolution 4 – Approval of options (ASX Listing Rule 7.1)</b>	Any person who may participate, or has agreed to participate, in the proposed issue, and any person who might obtain a benefit (except a benefit solely in the capacity of a holder of Shares) if Resolution 4 is passed, and any associates of such persons.
<b>Resolutions 5(a), 5(b) and 5(c) - Approval of issue of Shares to Messrs Kirkwood and Schwarz, and Dr Chaffey.</b>	<p>The Company will disregard any votes cast on Resolution 5(a) by Mr Kirkwood, Resolution 5(b) by Mr. Schwarz, Resolution 5(c) by Dr Chaffey, and in each case any of their associates. In addition, the Company will disregard votes cast by a member of the KMP (and any of their Closely Related Parties). However, a vote may be cast by such a person if:</p> <ul style="list-style-type: none"> <li>(a) the person is acting as proxy and the proxy form specifies how the proxy is to vote; or</li> <li>(b) the person is the Chair voting an undirected proxy which expressly</li> </ul>

**RESOLUTION****PERSONS EXCLUDED FROM VOTING**

authorises the Chair to vote the proxy on a resolution connected directly or indirectly with the remuneration of a member of the KMP.

**Resolution 6 – Approval of proposed Additional 10% Placement Facility**

A person who may participate in the Additional 10% Placement Facility and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if Resolution 6 is passed and, in each case, their respective associates.

However, the entity need not disregard a vote on Resolutions 3, 4, 5(a), 5(b), 5(c) and 6 if:

- 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
- 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.

By order of the Board



**Lee Mitchell**  
**Company Secretary**

**Date:** 29 September 2014

## NOTES REGARDING PROXIES AND VOTING

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### Voting entitlement

The Board has determined in accordance with regulation 7.11.37 of the Corporations Regulations that for the purpose of voting at the AGM, the Shares held by each Shareholder will be as they appear on the Company's share register at **7.00pm (AEDT) on Wednesday, 29 October 2014**. This means that if you are not the registered holder of a Share at that time you will not be entitled to vote in respect of that Share.

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### Voting by proxy

**IMPORTANT:** The Board recommends that shareholders vote in favour of each item of business. **The Chairman intends to vote all available undirected proxies in favour of each item of business.**

Each Shareholder who is entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on behalf of that Shareholder. The proxy may be an individual or a body corporate. A proxy need not be a Shareholder.

A Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes that each proxy is appointed to exercise. 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, each proxy may exercise half the votes (disregarding fractions). If a Shareholder appoints two proxies, neither proxy may vote on a show of hands.

A proxy appointment form is enclosed with this Notice of AGM. For the appointment of a proxy to be valid, the following documents must be received either at Bluechiip's registered office or at the Company's share registry, Boardroom Pty Limited, **at least 48 hours prior to the AGM** or any adjournment of the AGM:

- (a) the proxy appointment form; and
- (b) if the proxy appointment form is signed by the appointor's attorney, the authority under which the appointment was signed or a certified copy of the authority.

The documents must be received by the Company at the address set out below by no later than 10.00am (AEDT) on 29 October 2014. Proxy forms received after that time will not be valid for the scheduled AGM.

By facsimile: +61 2 9290 9655

By mail: Boardroom Pty Limited, GPO Box 3993, SYDNEY NSW 2001

By delivery: Boardroom Pty Limited, Level 7 / 207 Kent Street, SYDNEY NSW 2000

Your proxy appointment form is enclosed.

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## Voting Prohibition by Proxy Holders

### Resolution 1 - Remuneration Report

In accordance with section 250R(4) of the Corporations Act, a vote on Resolution 1 must not be cast (in any capacity) by, or on behalf of:

- (a) a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report; or
- (b) a Closely Related Party of such member.

However, a person described above may cast a vote on Resolution 1 as proxy if the vote is not cast on behalf of that person and either:

- (a) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 1; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy:
  - (i) does not specify the way the proxy is to vote on Resolution 1; and
  - (ii) expressly authorises the Chairman to exercise the proxy even if Resolution 1 is connected directly or indirectly with the remuneration of the Key Management Personnel.

### Resolutions 5(a), 5(b) and 5(c) – Issue of Shares to Messrs Kirkwood and Schwarz, and Dr Chaffey

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolutions 5(a), 5(b) and 5(c) if the person is a member of the Key Management Personnel or a Closely Related Party of such member and the appointment does not specify the way the proxy is to vote on those Resolutions.

However, a person described above may cast a vote on the abovementioned Resolutions if the person is the Chairman and the appointment expressly authorises the Chairman to exercise the proxy even if the Resolutions are connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

**The Chairman will chair the AGM and intends to vote all available undirected proxies in favour of all of the Resolutions.**

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## Bodies corporate

A Shareholder which is a body corporate and entitled to attend and vote at the AGM, or a proxy which is a body corporate and is appointed by a Shareholder entitled to attend and vote at the AGM, may appoint an individual to act as its representative at the AGM.

If a representative of a corporate Shareholder or a corporate proxy is to attend the AGM, a certificate of appointment of the representative must be produced prior to admission to the AGM. A form of certificate of appointment can be obtained from the Company's share registry, Boardroom Pty Limited.

## EXPLANATORY STATEMENT

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### Purpose of Information

The purpose of this Explanatory Statement (which accompanies, and forms part of, the Notice), is to provide Shareholders with an explanation of the business of the AGM and of the Resolutions to be

proposed and considered at the AGM at 10.00am on Friday, 31 October 2014 and to assist shareholders in deciding how they may wish to vote on the Resolutions.

A Proxy Form is enclosed with this Explanatory Statement.

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## Summary of Business of the AGM

To receive and consider the Financial Statements and Reports for the financial year ended 30 June 2014.

To consider and vote on the following Resolutions:

- Resolution 1: To adopt the Remuneration Report for the financial year ended 30 June 2014;
- Resolution 2: To elect Mr Matthew Morgan as a Director of the Company
- Resolution 3: To ratify previous issues of Shares;
- Resolution 4: To approve options;
- Resolutions 5(a), 5(b) and 5(c): To approve the issue of Shares to Messrs Kirkwood and Schwarz, and Dr Chaffey; and
- Resolution 6: To approve the proposed Additional 10% Placement Facility.

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## Ordinary Business

### 1 Financial Statements and Reports

Pursuant to the Corporations Act, the directors of a listed company that is required to hold an annual general meeting must table the financial statements and reports of the company (including the directors' report, remuneration report and auditor's report) for the previous financial year before the members at that annual general meeting.

Shareholders have been provided with all relevant information concerning the Company's financial statements, the Directors' Report, Remuneration Report and Auditor's Report in the Annual Financial Report of the Company for the year ended 30 June 2014.

The Company will not provide a hard copy of the Annual Report unless specifically requested to do so. The Annual Report can also be viewed, printed and downloaded from the Company's website [www.bluechiip.com](http://www.bluechiip.com). A copy of the financial statements, the Directors' Report, the Remuneration Report and the Auditor's Report will also be tabled at the meeting.

Shareholders should note that the sole purpose of tabling the financial statements and the relevant reports of the Company at the AGM is to provide shareholders with the opportunity to be able to ask questions or discuss matters arising from the financial statements and/or reports at the meeting. It is not the purpose of the meeting that the financial statements or the reports be accepted, rejected or modified in any way. Further, as it is not required by the Corporations Act, no resolution to adopt, receive or consider the Company's financial statements or the reports will be put to the shareholders at the meeting.

Shareholders will be given a reasonable opportunity at the AGM to ask questions and make comments on the financial statements and the reports. The Company's auditor will also be available to receive questions and comments from shareholders about the preparation and content of the financial statements and the Auditor's Report and the conduct of the audit generally.

In addition to taking questions at the AGM, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- (a) the preparation and the content of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the AGM to the Company Secretary at the Company's registered office.

## **2 Resolution 1 - Remuneration Report**

### **2.1 General**

The Corporations Act requires that at a listed company's Annual General Meeting, a resolution that the Remuneration Report be adopted must be put to the Shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company. Under changes to the Corporations Act which came into effect on 1 July 2011, if at least 25% of the votes cast on the resolution are voted against adoption of the Remuneration Report at the AGM, and then again at the Company's next (the 2015) AGM, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of Directors of the Company (**Spill Resolution**).

If more than 50% of shareholders vote in favour of the Spill Resolution, the Company must convene the extraordinary general meeting (**Spill Meeting**) within 90 days of the Company's 2015 Annual General Meeting. All of the Directors who were in office when the Company's 2015 Directors' Report was approved, other than the Managing Director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

In summary, if the Remuneration Report receives a 'no' vote of 25% or more at this Meeting, then Shareholders should be aware that if there is a 'no' vote of 25% or more at the next annual general meeting the consequences are that it may result in the re-election of the Board.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' Report contained in the Financial Report of the Company for the period ended 30 June 2014.



A reasonable opportunity will be provided for discussion of the Remuneration Report at the AGM.

## **2.2 Proxy Restrictions**

As required by the Corporations Act, the Company will disregard any votes cast on Resolution 1 (adoption of the Remuneration Report) by:

- (a) a member of the key management personnel of the Company or the Company's Group (**KMP**); or
- (b) a closely related party of a KMP.

KMP are defined as being those persons having authority and responsibility for planning, directing and controlling the activities of the Company, whether directly or indirectly. Members of KMP include Directors and certain senior executives.

However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form and either:

- (a) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 1; or
- (b) the person is the chair of the meeting and the appointment of the chair as proxy:
  - (i) does not specify the way the proxy is to vote on Resolution 1; and
  - (ii) expressly authorises the chair to exercise the proxy even if Resolution 1 is connected directly or indirectly with the remuneration of the KMP.

If the Chair, or another member of KMP or their closely related parties (such as the member's immediate family member) is appointed as your proxy to vote on Resolution 1, you are encouraged to direct your proxy how they are to vote by completing any one of the "for", "against" or "abstain" boxes for Resolution 1 at step 2 of the accompanying proxy form.

**The Chairman intends to exercise all available undirected proxies in favour of Resolution 1.** If the Chairman of the AGM is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, you will be considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention.

Please also read the information in the Notes to the Notice of AGM under the heading "Voting Prohibition by Proxy Holders" which deals with the Chairman's voting of proxies on Resolution 1.

## **3 Resolution 2 – Election of Mr Morgan**

Unless the Director is an executive director and the Listing Rules do not require that Director to be subject to retirement, clause 57 of the Constitution requires that a Director appointed to fill a casual vacancy or as an addition to the existing Directors will hold office until the end of the next annual general meeting of the Company, at which the Director may be elected. A Director appointed under clause 57.1 of the Constitution will not be taken into account in

determining the number of Directors who must retire by rotation at the meeting in accordance with clause 58.1 of the Company's Constitution.

Mr. Morgan will retire at the AGM pursuant to clause 57 of the Constitution, and being eligible, offers himself for election.

Details of the qualifications and experience of Mr. Morgan are contained in the Financial Report.

The Directors (with Mr Morgan abstaining) unanimously recommend that Shareholders vote in favour of Resolution 2.

**The Chairman of the meeting intends to vote all undirected proxies in favour of Resolution 2.**

## **4 Resolution 3 - Ratification of previous issues of Shares**

### **4.1 General**

On 16 June 2014, the Company issued:

- a) 202,275 Shares at \$0.05 in partial consideration for services provided by suppliers; and
- b) 380,000 Shares to employees of the Company at nil consideration pursuant to the Company's Employee Share Acquisition Plan.

On 1 July 2014, the Company issued a further 50,000 Shares to employees of the Company at nil consideration pursuant to the Company's Employee Share Acquisition Plan.

On 8 September 2014, the Company announced that it had raised approximately \$1.1 million in a private placement by the issue of 10,950,000 shares at a price of \$0.10 each (with 1 free attaching option per Share subscribed for at an exercise price of \$0.13 per option expiring 31 March 2015) to a number of sophisticated and professional investors (**September 2014 Placement**).

The September 2014 Placement is being conducted in two parts:

- (a) the first tranche, which has already been completed, involved the issue of 10,950,000 Shares to sophisticated and professional investors; and
- (b) the second tranche, which was conducted together with the first tranche, will be completed following the AGM (if Resolution 4 is passed) and will involve the issue of 10,950,000 free attaching options to sophisticated and professional investors.

The subscription price of the Shares under the September 2014 Placement is \$0.10 per Share. No additional consideration will be payable for the issue of the options.

On 8 September 2014, the Company announced a capital raising via a share purchase plan. The share purchase plan closed on 25 September 2014 and raised \$763,000 via an issue of 7,630,000 Shares at a price of \$0.10 each. Of the 7,630,000 Shares, the Company is seeking to approve 5,630,000 Shares pursuant to Resolution 3 which, if approved, will be ratified and will refresh the ability of the Company to issue further Equity Securities, up to the 15% limit, in the next 12 month period without shareholder approval. The remaining 2,000,000 Shares fall under the Company's placement capacity pursuant to Listing Rule 7.1A.

If Resolution 4 is approved, the Company will complete the September 2014 Placement and the free attaching options issued pursuant to Resolution 4 will not be counted within the limit of 15% of the issued capital of the Company that may be placed by the Company without shareholder approval in the next 12 month period.

The Company intends to use the proceeds of the September 2014 Placement to fund general working capital requirements.

## 4.2 ASX Listing Rule Requirements

ASX Listing Rule 7.1 relevantly provides that the prior approval of the shareholders is required to an issue of Equity Securities if the Equity Securities will, when aggregated with the Equity Securities issued during the previous 12 months, exceed 15% of the number of Equity Securities on issue at the commencement of that 12 month period.

The issue and allotment of Shares referred to in Resolution 3 did not exceed the 15% limit (after also taking into account the Company's available additional 10% Placement capacity under Listing Rule 7.1A), however, ASX Listing Rules 7.1 and 7.4 provide that, where a company in general meeting ratifies a prior issue of Equity Securities the issue will be treated as having been made with approval for the purpose of ASX Listing Rule 7.1, thereby enabling the company to issue further Equity Securities without exceeding the 15% in 12 months limitation.

Shareholder approval is sought so as to "refresh" Bluechiip's 15% Equity Security placement limit pursuant to ASX Listing Rule 7.1.

## 4.3 Approval being sought

Accordingly, by this Resolution the Company seeks to obtain Shareholder approval for the purposes of Listing Rule 7.4 for the 17,212,275 fully paid ordinary shares already issued.

For the purposes of Listing Rule 7.5 the Company provides the following information in respect of the securities, the subject of this Resolution 3:

<b>Total number of Securities issued</b>	17,212,275 Shares
<b>Issue price of the securities and allottees</b>	<p>a) The 202,275 Shares issued to Platinum Road Pty Ltd and Shinnecock Pty Ltd in partial consideration for the provision of services and for this purpose were issued at an implied issue price of \$0.05 each.</p> <p>b) The 430,000 Shares issued to employees under the Employee Share Acquisition Plan were issued at nil consideration.</p> <p>c) The 10,950,000 Shares issued under 2014 September Placement were issued at a price of \$0.10 per Share to professional and sophisticated investors. Halcyon Corporate acted as the lead manager for the placement.</p>

	d) The 5,630,000 Shares issued at an issued price of \$0.10 each to Shareholders who participated in the Company's share purchase plan.
<b>Terms of issue</b>	All Shares referred to above are fully paid ordinary securities ranking equally with all other issued shares in the capital of the Company.
<b>Intended use of funds</b>	Any funds raised from the issue of the Shares were to provide additional working capital for the Company.

The Directors of the Company believe that Resolution 3 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

**The Chairman of the meeting intends to vote all available undirected proxies in favour of Resolution 3.**

A voting exclusion statement is included in the Notice of Meeting.

## **5 Resolution 4 - Approval of Options**

### **5.1 General**

On 8 September 2014, the Company announced the September 2014 Placement which comprised the issue of 10,950,000 shares at a price of \$0.10 each and one free attaching option per Share subscribed for at an exercise price of \$0.13 per option expiring 31 March 2015. The issue of Options was subject to obtaining shareholder approval.

Accordingly, the issue of 10,950,000 options will complete only if Shareholders approve Resolution 4. No further consideration will be payable upon issuing the options.

Resolution 4 therefore seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of 10,950,000 options.

### **5.2 Listing Rule 7.1**

Listing Rule 7.1 provides that a company must not, without prior approval of its shareholders, issue securities if the number of securities issued, when aggregated with the number of securities issued by the company during the previous 12 months, exceed 15.00% of the number of securities on issue at the commencement of that 12 month period.

If Resolution 4 is approved by Shareholders, Resolution 4 will permit the Company to issue 10,950,000 options to sophisticated and professional investors without the issue of these securities impacting on the 15.00% limit under Listing Rule 7.1. If Resolutions 3 and 4 are approved, this will refresh the ability of the Company to issue further Equity Securities up to the limit of 15.00% of its issued capital in the next 12 month period without shareholder approval.

### 5.3 Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, information is provided in relation to the approval of the options the subject of the September 2014 Placement as follows:

<b>Maximum number of Securities to be issued</b>	10,950,000 options
<b>Date by which the securities will be issued</b>	The Company will issue and allot the 10,950,000 options as soon as practicable after, but in any event no later than 3 months after, the date of the AGM.
<b>Issue price of the securities</b>	The options are “attached” to the Shares issued under the 2014 September Placement and will be issued for no additional consideration.
<b>Names of allottees (if known) or the basis upon which allottees will be identified or selected</b>	The options will be issued to professional and sophisticated investors. Halcyon Corporate acted as the lead manager for the placement.
<b>Terms of issue</b>	<p>The options will be issued on the following terms:</p> <ul style="list-style-type: none"><li>• Exercise price \$0.13 each;</li><li>• Expiry date 31 March 2015;</li><li>• The options are unquoted.</li></ul> <p>Upon exercise of the options, the Shares issued will rank pari passu with the Company's existing Shares on issue.</p>
<b>Intended use of funds</b>	No funds will be raised from the issue of the options.

A voting exclusion statement is included in the Notice of Meeting.

The Directors of the Company believe that Resolution 4 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

**The Chairman of the meeting intends to vote all available undirected proxies in favour of Resolution 4.**

## **6 Resolution 5 - Approval of issue of Shares to Messrs Kirkwood and Schwarz, and Dr Chaffey**

### **6.1 General**

#### **Mr Iain Kirkwood**

On 16 June 2014, the Company announced that the Chairman, Mr Iain Kirkwood had agreed to accept 500,000 Shares (to be issued at \$0.05 per Share) in lieu of \$25,000 of remuneration due and payable to him. Accordingly, the issue of 500,000 Shares will complete only if Shareholders approve Resolution 5(a).

Resolution 5(a) therefore seeks Shareholder approval pursuant to Listing Rule 10.11 for the issue of \$25,000 worth of Shares to Mr. Kirkwood in lieu of directors' fees payable to Mr Kirkwood.

#### **Mr Brett Schwarz**

On 28 January 2014, Mr Brett Schwarz ceased his employment and directorship with the Company. As a consequence of his retirement, Mr Schwarz entered into an agreement with the Company under which it was agreed that certain benefits (including the issue of 284,770 Shares, subject to obtaining shareholder approval) would be provided to him in lieu of his notice period.

Resolution 5(b) therefore seeks Shareholder approval pursuant to Listing Rule 10.11 for the issue of 284,770 Shares to Mr. Schwarz (in part) in lieu of his notice period.

#### **Dr Chaffey**

Pursuant to his contractual arrangements with the Company, Dr Chaffey is entitled to receive a bonus of \$27,500 in respect of his KPIs for the financial year ended 30 June 2014, 30% of which is to be paid by way of Shares (priced at the VWAP for the 5 day period ended 30 June 2014, being \$0.04). Accordingly, the issue of 206,250 Shares will complete only if Shareholders approve Resolution 5(c).

Resolution 5(c) therefore seeks Shareholder approval pursuant to Listing Rule 10.11 for the issue of Shares to Dr Chaffey pursuant to his bonus entitlement.

### **6.2 Section 208 of Corporations Act**

Section 208 of the Corporations Act provides that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within fifteen (15) months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

#### **Mr Iain Kirkwood**

The Board has formed the view that Shareholder approval under section 208 of the Corporations Act is not required for the proposed issue of 500,000 Shares to Mr Kirkwood as

the exception in section 211 of the Corporations Act applies. The Shares are being issued to Mr Kirkwood in lieu of directors' fees to which he is already entitled and is considered to be reasonable remuneration for the purposes of section 211 of the Corporations Act.

#### **Mr Brett Schwarz**

The Board has formed the view that Shareholder approval under section 208 of the Corporations Act is not required for the proposed issue of 284,770 Shares to Mr Schwarz as the exception in section 210 applies, being that the payment (inclusive of proposed Shares) to Mr Schwarz is reasonable in the circumstances if the Company and Mr Schwarz were dealing at arm's length.

#### **Dr Chaffey**

The Board has formed the view that Shareholder approval under section 208 of the Corporations Act is not required for the proposed issue of 206,250 Shares to Dr Chaffey as the exception in section 211 of the Corporations Act applies. The Shares are being issued to Dr Chaffey pursuant to his bonus entitlement and are considered to be reasonable remuneration for the purposes of section 211 of the Corporations Act.

### **6.3 Listing Rule 10.11**

Listing Rule 10.11 restricts the Company from issuing securities to a related party of the Company, unless approval is obtained from Shareholders.

A "related party" for the purposes of the Corporations Act is defined widely and includes a director of a public company and former directors of a public company.

#### **Mr Kirkwood**

Mr Kirkwood is a Director of the Company and as such is a related party of the Company. The effect of passing Resolution 5(a) will be to allow the Company to issue 500,000 Shares to Mr Kirkwood (and/or his nominee) without using up the Company's 15% placement capacity under Listing Rule 7.1.

If Shareholders do not approve Resolution 5(a), the Company will not issue any Shares to Mr Kirkwood.

Resolution 5(a) is an ordinary resolution. **The Chairman will cast all available proxies in favour of Resolution 5(a).**

#### **Mr Brett Schwarz**

Mr Schwarz is a former Director of the Company. The effect of passing Resolution 5(b) will be to allow the Company to issue 284,770 Shares to Mr Schwarz (in part) in lieu of his notice period.

If Shareholders do not approve Resolution 5(b), the Company will not issue any Shares to Mr Schwarz.

Resolution 5(b) is an ordinary resolution. **The Chairman will cast all available proxies in favour of Resolution 5(b).**

#### **Dr Chaffey**

Dr Chaffey is a Director of the Company and as such is a related party of the Company. The effect of passing Resolution 5(c) will be to allow the Company to issue 206,250 Shares to Dr Chaffey (and/or his nominee) without using up the Company's 15% placement capacity under Listing Rule 7.1.

If Shareholders do not approve Resolution 5(c), the Company will not issue any Shares to Dr Chaffey.

Resolution 5(c) is an ordinary resolution. **The Chairman will cast all available proxies in favour of Resolution 5(c).**

#### **6.4 Specific Information Required by Listing Rule 10.13**

##### **Mr Kirkwood**

For the purposes of Listing Rule 10.13, information regarding the issue of Shares to Mr Kirkwood is provided as follows:

- (a) The Shares will be issued to Mr Iain Kirkwood (and/or his nominees).
- (b) A maximum of 500,000 Shares will be issued to Mr Kirkwood (and/or his nominees).
- (c) Subject to receiving Shareholder approval, the Company will issue the Shares no later than one (1) month after the date of the AGM (or such longer period of time as ASX may in its discretion allow).
- (d) The Shares will be allotted at an implied issue price of \$0.05 each.
- (e) The Shares will be fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the Company's existing Shares on issue.
- (f) A voting exclusion statement is included in the Notice.

No funds will be raised from the issue of Shares as they are being issued as consideration for the services provided by Mr Kirkwood in his capacity as a Director of the Company.

**The Chairman of the meeting intends to vote all available undirected proxies in favour of Resolution 5(a).** If the Chairman of the AGM is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 5(a), by signing and returning the Proxy Form, you will be considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention.

##### **Mr Schwarz**

For the purposes of Listing Rule 10.13, information regarding the issue of Shares to Mr Schwarz is provided as follows:

- (a) The Shares will be issued to Mr Brett Schwarz (and/or his nominees).
- (b) A maximum of 284,770 Shares will be issued to Mr Schwarz (and/or his nominees).
- (c) Subject to receiving Shareholder approval, the Company will issue the Shares no later than one (1) month after the date of the AGM (or such longer period of time as ASX may in its discretion allow).
- (d) Mr. Schwarz is a former Director of the Company.



- (e) The Shares will be allotted at an implied value of \$0.15 each Share.
- (f) The Shares will be fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the Company's existing Shares on issue.
- (g) A voting exclusion statement is included in the Notice.

No funds will be raised from the issue of Shares as they are being issued (in part) in lieu of Mr Schwarz's notice period.

**The Chairman of the meeting intends to vote all available undirected proxies in favour of Resolution 5(b).** If the Chairman of the AGM is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 5(b), by signing and returning the Proxy Form, you will be considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention.

### **Dr Chaffey**

For the purposes of Listing Rule 10.13, information regarding the issue of Shares to Dr Chaffey is provided as follows:

- (a) The Shares will be issued to Dr Chaffey (and/or his nominees).
- (b) A maximum of 206,250 Shares will be issued to Dr Chaffey (and/or his nominees).
- (c) Subject to receiving Shareholder approval, the Company will issue the Shares no later than one (1) month after the date of the AGM (or such longer period of time as ASX may in its discretion allow).
- (d) The Shares will be allotted at an implied issue price of \$0.04 each, being the VWAP for the 5 day period ended 30 June 2014.
- (e) The Shares will be fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the Company's existing Shares on issue.
- (f) A voting exclusion statement is included in the Notice.

No funds will be raised from the issue of Shares as they are being issued as consideration for part of Dr Chaffey's bonus entitlement.

**The Chairman of the meeting intends to vote all available undirected proxies in favour of Resolution 5(c).** If the Chairman of the AGM is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 5(c), by signing and returning the Proxy Form, you will be considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention.

Please also read the information in the Notes to the Notice of AGM under the heading "Voting Prohibition by Proxy Holders" which deals with the Chairman's voting of proxies on Resolutions 5(a), 5(b) and 5(c).

## **7 Resolution 6 - Approval of proposed Additional 10% Placement Facility**

### **7.1 General**

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 following the annual general meeting (**Additional 10% Placement Facility**). The Additional 10% Placement Facility is in addition to the Company's existing 15% placement capacity available under Listing Rule 7.1 and which the Company proposes to “refresh” at this AGM.

An eligible entity 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 confirms that it is an eligible entity for the purposes of Listing Rule 7.1A.

The Company seeks shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the Additional 10% Placement Facility.

The exact number of Equity Securities to be issued under the Additional 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 7.2(c) below).

The Company may use the Additional 10% Placement Facility to provide funds for:

- (a) commercialisation activities of the company including:
  - (i) building the required inventory levels to meet sales demand;
  - (ii) global sales, marketing and business development activities;
- (b) general working capital requirements; and
- (c) activities which allow the company to pursue other market applications for the bluechiip<sup>®</sup> technology.

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.

**The Chairman of the meeting intends to vote all undirected proxies in favour of Resolution 6.**

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

#### **(a) Shareholder approval**

The ability to issue Equity Securities under the Additional 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

#### **(b) Equity Securities**

Any Equity Securities issued under the Additional 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 only one class of quoted Equity Securities being Shares.

**(c) Formula for calculating Additional 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:

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

Where:

**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 Rule 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.

**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 Company has on issue 146,106,037 Shares and 10,495,999 Options over ordinary shares and therefore has a capacity to issue:

- (i) 21,255,906 Equity Securities under Listing Rule 7.1 (on the assumption that both Resolutions 3 and 4 are passed); and
- (ii) subject to obtaining Shareholder approval under Resolutions 3, 4 and 5, 14,170,604 Shares under Listing Rule 7.1A.

The actual number of Shares that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Shares in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 7.2(c) above).

**(e) Minimum Issue Price**

The issue price of Shares under Listing Rule 7.1A must be not less than 75% of the VWAP of Shares in the same class calculated over the 15 Trading Days immediately before:

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

**(f) Additional Placement Period**

Shareholder approval of the Additional 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:

- (iii) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (iv) 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), or such longer period if allowed by ASX (**Additional Placement Period**).

**7.3 Effect of approving Resolution 6**

The effect of Resolution 6 will be to allow the Directors to issue the Shares under Listing Rule 7.1A during the Additional 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).

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

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

- (a) The Shares will be issued at an issue price of not less than 75% of the VWAP for the Company's Shares over the 15 Trading Days immediately before:
  - (i) the date on which the price at which the Shares are to be issued is agreed; or
  - (ii) if the Shares are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Shares are issued.
- (b) If Resolution 6 is approved and the Company issues Shares under the Additional 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. There is a risk that:
  - (i) the market price for the Shares may be significantly lower on the date of the issue of the Shares than on the date of the AGM; and

- (ii) the Shares may be issued at a price that is at a discount to the market price for the Company's Shares on the issue date or the Shares are issued as part of consideration for the acquisition of a new asset or in satisfaction of a liability or obligation,

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

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares as at 25 September 2014 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:

- (a) 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, share purchase plan 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
- (b) two examples where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.053 50% decrease in issue price	\$0.105 Issue Price	\$0.210 50% increase in current issue price
<b>Current Variable A</b> <b>146,106,037</b>	<b>10% Voting Dilution</b>	14,610,604 Shares	14,610,604 Shares	14,610,604 Shares
	<b>Funds Raised</b>	\$774,362	\$1,534,113	\$3,068,227
<b>50% increase in Variable A</b> <b>219,159,056</b>	<b>10% Voting Dilution</b>	21,915,906 Shares	21,915,906 Shares	21,915,906 Shares
	<b>Funds Raised</b>	\$1,161,543	\$2,301,170	\$4,602,340
<b>100% increase in Variable A</b> <b>292,212,074</b>	<b>10% Voting Dilution</b>	29,221,207 Shares	29,221,207 Shares	29,221,207 Shares
	<b>Funds Raised</b>	\$1,548,724	\$3,068,227	\$6,136,454

*In formulating the information contained in the above table, the following assumptions have been made:*

- (i) The Company issues the maximum number of Shares available under the Additional 10% Placement Facility;

- (ii) No options are exercised into Shares before the date of the issue of the Shares;
  - (iii) The table does not show an example of dilution that will 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 AGM;
  - (iv) The voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue and thus is 10% in each example;
  - (v) The table shows only the effect of issues of Shares under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1 or under any of the exceptions to Listing Rule 7.1; and
  - (vi) The issue price is \$0.105, being the closing price of the Shares on ASX on 25 September 2014.
- (c) The Company will only issue and allot the Shares during the Additional Placement Period. The approval under Resolution 6 for the issue of the Shares 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 Shares for the following purposes:
- (i) non-cash consideration for the acquisition of the new assets or in satisfaction of obligations. 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:
    - (A) commercialisation activities of the company including:
      - (1) building the required inventory levels to meet sales demand;
      - (2) global sales, marketing and business development activities;
    - (B) general working capital requirements; and
    - (C) activities which allow the company to pursue other market applications for the bluechiip<sup>®</sup> technology.
- (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.
- (f) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the Additional 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 Additional 10% Placement Facility have not been determined as at the date of this Notice but may include existing Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

- (e) The total number of Equity Securities issued in the 12 months preceding the date of the AGM and the percentage that they represent of the total number of Equity Securities on issue at the commencement of that 12 month period is 41,587,335 representing 37.83% of the total number of Equity Securities then on issue.
- (f) details of all issues of Equity Securities during the 12 months preceding the date of the meeting were as follows:

<b>Total number of Securities issued</b>	<p>a) 36,175,649 fully paid ordinary shares</p> <p>b) 5,411,686 options over ordinary shares</p>
<b>Issue price of the securities</b>	<p>a) The 6,823,374 Shares issued under Tranche 2 of the 2013 Placement were issued at a price of \$0.15 per Share raising a total of \$1,023,506.10. The issue price represented an 11% discount to the closing price on 31 October 2013;</p> <p>b) The 7,740,000 Shares issued pursuant to applications under the Company's Share Purchase Plan were issued at a price of \$0.05 per Share raising a total of \$387,000. The issue price was the same as the Company's closing share price on ASX on 5 June 2014.</p> <p>c) The 2,400,000 Shares issued on 16 June 2014 under placement to professional and sophisticated investors were issued at \$0.05 per Share and raising \$120,000. The issue price represents a premium of 25% to the Company's closing share price on ASX on 16 June 2014.</p> <p>d) The 380,000 Shares issued on 16 June 2014 to employees under the Company's existing employee incentive arrangements issued at no consideration to the employee.</p> <p>e) The 202,275 Shares issued on 16 June 2014 at an issued price of \$0.05 per Share in partial consideration for services provided by suppliers. The</p>

	<p>issue price represents a premium of 25% to the Company's closing share price on ASX on 16 June 2014.</p> <p>f) The 50,000 Shares issued to employees on 1 July 2014 under the Company's existing employee incentive arrangements issued at no consideration to the employee.</p> <p>g) The 10,950,000 Shares issued on 10 September 2014 under placement to professional and sophisticated investors were issued at \$0.10 per Share and raising \$1,095,000. The issue price was the same as the Company's closing share price on ASX on 10 September 2014.</p> <p>h) the 3,411,687 Options were "attached" to the Shares issued under Tranche 2 of the 2013 Placement and were issued for no additional consideration.</p> <p>i) The 2,000,000 corporate advisory options were issued to the Company's corporate advisors and professional and sophisticated investors nominated by those advisors in consideration for the provision of corporate advisory services in connection with the 2013 Placement. No additional consideration was provided for the issue of Options.</p> <p>j) The 7,630,000 Shares issued pursuant to applications under the Company's Share Purchase Plan were issued at a price of \$0.10 per Share raising a total of \$763,000. The issue price represents a discount of 5% to the Company's closing share price on ASX on 25 September 2014.</p>
<b>Terms of issue</b>	<p>a) All Shares referred to above are fully paid ordinary securities ranking equally with all other issued shares in the capital of the Company;</p> <p>b) The 3,411,687 free attaching unquoted</p>



	<p>Options issued as part of Tranche 2 of the 2013 Placement were issued on the following terms:</p> <ul style="list-style-type: none"> <li>• Exercise price \$0.20 each;</li> <li>• Expiry date 31 December 2014;</li> <li>• The options are unquoted.</li> </ul> <p>Upon exercise of the options, the Shares issued will rank pari passu with the Company's existing Shares on issue.</p> <p>c) The 2,000,000 corporate advisory options were issued on the same terms as the Options in paragraph (b) above.</p>
<b>Allottees</b>	<p>a) The allottees of the Securities under Tranche 2 of the 2013 Placement are as follows: Mr Alexander JW Hill, John Warderman &amp; Associates Pty Ltd, Mr Stephen Woodford (or nominee), Mr Peter Curtis, Mr Iain Kirkwood (or nominee), Skyform Pty Ltd (or nominee) and Brazil Farming Pty Ltd (or nominee).</p> <p>b) The 7,740,000 Shares issued pursuant to the Company's share purchase plan were issued to eligible shareholders at the relevant record date, being 22 April 2014.</p> <p>c) The 2,400,000 Shares were issued on 16 June 2014 under placement to professional and sophisticated investors. Halcyon Corporate acted as the lead manager for the placement.</p> <p>d) The 380,000 Shares were issued on 16 June 2014 to employees under the Company's existing employee incentive arrangements.</p> <p>e) The 202,275 Shares were issued on 16 June 2014 to suppliers of the Company, being Platinum Road Pty Ltd and Shinnecock Pty Ltd.</p> <p>f) The 50,000 Shares were issued on 1 July 2014 to employees under the</p>

	<p>Company's existing employee incentive arrangements.</p> <p>g) The 10,950,000 Shares were issued to professional and sophisticated investors. Halcyon Corporate acted as the lead manager for the placement.</p> <p>h) The 2,000,000 corporate advisory options were issued to the Company's corporate advisors and professional and sophisticated investors nominated by those advisors.</p> <p>i) The 7,630,000 Shares issued pursuant to the Company's share purchase plan were issued to eligible shareholders at the relevant record date, being 5 September 2014.</p>
<b>Use and Intended use of funds</b>	<p>The funds raised from the Tranche 2 of the 2013 Placement amounting to \$1,023,506.10 were used to fund ongoing sales, marketing, business development and other commercialisation activities as well as ongoing working capital requirements.</p> <p>The funds raised under the remaining corporate actions described above were used to fund ongoing working capital requirements.</p>

- (g) A voting exclusion statement applies to Resolution 6. At the date of the Notice, the Company has not approached any particular existing Shareholder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholders' votes will therefore be excluded under the voting exclusion in the Notice.

## 8 Glossary

Unless the context requires otherwise, in the Notice of AGM and this Explanatory Statement:

**Additional 10% Placement Facility** has the meaning given in Section 7.1.

**Additional Placement Period** has the meaning given in Section 7.2.

**AGM** means the meeting convened by the Notice.

**ASIC** means Australian Securities and Investments Commission.

**ASX** means ASX Limited ACN 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX.

**Auditor's Report** means the Auditor's Report required to be prepared and laid before the AGM in accordance with section 317 of the Corporations Act.

**Board** means the Board of Directors of Bluechiip.

**Chair** or **Chairman** means the person appointed to chair the AGM convened by this Notice.

**Company** or **Bluechiip** means Bluechiip Limited ACN 104 795 922.

**Constitution** means the Constitution of the Company.

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

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

**Director** means a director of the Company.

**Directors' Report** means the Directors' Report required to be prepared and laid before the AGM in accordance with section 317 of the Corporations Act.

**Equity Securities** has the same meaning as in the Listing Rules.

**Explanatory Statement** means the Explanatory Statement accompanying, and forming part of the Notice of AGM.

**Financial Report** means the Financial Report required to be prepared and laid before the AGM in accordance with section 317 of the Corporations Act.

**KMP** means key management personnel, being those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director of the Company (whether executive or otherwise).

**Listing Rules** means the listing rules of ASX.

**Notice** means the Notice of Meeting accompany this Explanatory Statement.

**Resolution** means a resolution set out in the Notice.

**Remuneration Report** means the Remuneration Report required to be prepared in accordance with section 300A of the Corporations Act.

**September 2014 Placement** has the same meaning as in section 4 of the Explanatory Statement.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a shareholder in the Company.

#### All Correspondence to:

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

Level 7, 207 Kent Street,  
Sydney NSW 2000 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 10:00am AEDT on Wednesday 29 October 2014.**

### TO VOTE BY COMPLETING THE PROXY FORM

#### STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

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

#### Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. 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 (to the extent permitted by law). 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, or the attorney.

**Joint Holding:** Where the holding is in more than one name, all the securityholders or attorneys 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. 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. **Please indicate the office held by signing in the appropriate place.**

#### STEP 4 LODGEMENT

Proxy forms (and any authority under which it is signed or a certified copy of it) must be received no later than 48 hours before the commencement of the meeting, therefore by **10:00am AEDT on Wednesday, 29 October 2014.** 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:

 **By Fax** + 61 2 9290 9655

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

 **In Person** Level 7, 207 Kent Street,  
Sydney NSW 2000 Australia

#### Attending the Meeting

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

☐**Your Address**

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

**PROXY FORM****STEP 1 APPOINT A PROXY**

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

☐

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

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

or failing the individual or body corporate named in relation to the meeting generally or in relation to a poll on a given resolution, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy to act generally at the meeting or in relation to a poll on the given resolution (as applicable) 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 law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **Phillips Ormonde Fitzpatrick, Level 23, 367 Collins Street, Melbourne on Friday, 31 October, 2014 at 10:00am AEDT** and at any adjournment or postponement of that meeting.

**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), I/we expressly authorise the Chair of the Meeting, to the extent permitted by law, to exercise my/our proxy in respect of Resolutions 1, 5(a), 5(b) and 5(c) even though these Resolutions are connected directly or indirectly with the remuneration of a member of key management personnel of Bluechiip Limited, which includes the Chair of the meeting.

**The Chair of the Meeting will vote undirected proxies in favour of all Items of business, to the extent permitted by law.**

**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	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Election of Director – Mr Matthew Morgan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of Previous Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 (a)	Issue of 500,000 Shares to Mr Iain Kirkwood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 (b)	Issue of 284,770 Shares to Mr Brett Schwarz	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 (c)	Issue of 206,250 Shares to Dr. Jason Chaffey	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Special Resolution</b>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of Additional 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**STEP 3 SIGNATURE OF SHAREHOLDERS**

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2014