



NEWZULU LIMITED
ACN 078 661 444

NOTICE OF ANNUAL GENERAL MEETING

**The Annual General Meeting of the Company will be held at
The Park Business Centre, 45 Ventnor Avenue, West Perth,
Western Australia on Thursday, 27 November 2014 at 3:00
pm (WST).**

This Notice and the accompanying Explanatory Memorandum 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 adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on +61 8 9316 9100.

Shareholders are urged to attend or vote by lodging the Proxy Form attached to this Notice.

NEWZULU LIMITED

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of shareholders of Newzulu Limited will be held at The Park Business Centre, 45 Ventnor Avenue, West Perth, Western Australia on Thursday, 27 November 2014 at 3.00 pm (WST) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form are part of this Notice.

The Directors have determined pursuant to regulations 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Tuesday, 25 November 2014 at 5:00 pm (WST).

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in Schedule 1.

AGENDA

1. Annual Report

To consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2014, which includes the Financial Report, the Directors' Report and the Auditor's Report.

2. Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, pursuant to and in accordance with section 250R(2) of the Corporations Act and for all other purposes, approval is given by the Shareholders for the adoption of the Remuneration Report on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

A vote on this Resolution must not be cast:

- (a) by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member, regardless of the capacity in which the vote is cast; or
- (b) by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such persons if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as a proxy that specifies the way the proxy is to vote on this Resolution; or
- (b) the person is the Chairperson and the appointment of the Chairperson as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the

Chairperson to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

3. Resolution 2 – Re-election of Director – Mr Peter Gunzburg

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, pursuant to and in accordance with Article 13.2 of the Constitution and for all other purposes, Mr Peter Gunzburg, Director, retires and being eligible pursuant to Article 13.2 of the Constitution, is re-elected as a Director on the terms and conditions in the Explanatory Memorandum."

4. Resolution 3 – Election of Director – Mr Philip Kiely

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, pursuant to and in accordance with Article 13.5 of the Constitution and for all other purposes, Mr Philip Kiely, Director, retires and being eligible pursuant to Article 13.5 of the Constitution, offers himself for election as a Director on the terms and conditions in the Explanatory Memorandum."

5. Resolution 4 – Election of Director - Mr Alexander Hartman

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, pursuant to and in accordance with Article 13.5 of the Constitution and for all other purposes, Mr Alexander Hartman, Director, retires and being eligible pursuant to Article 13.5 of the Constitution, offers himself for election as a Director on the terms and conditions in the Explanatory Memorandum."

6. Resolution 5 – Election of Director – Mr Theo Hnarakis

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, pursuant to and in accordance with Article 13.5 of the Constitution and for all other purposes, Mr Theo Hnarakis, Director, retires and being eligible pursuant to Article 13.5 of the Constitution, offers himself for election as a Director on the terms and conditions in the Explanatory Memorandum."

7. Resolution 6 – Approval of Grant of Director Options to Mr Theo Hnarakis

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 2,000,000 Director Options to Mr Theo Hnarakis (or his nominee) on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Mr Hnarakis or any of his associates.

However, the Company need not disregard a vote if:

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

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, if:

- (a) that person is either a member of the Key Management Personnel or a Closely Related Party of such member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

A vote may be cast by a person:

- (a) appointed as a proxy if:
 - (i) the vote is not cast on behalf of a person who is otherwise excluded from voting; and
 - (ii) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairperson and the appointment does not specify how the Chairperson is to vote but expressly authorises the Chairperson to exercise the proxy even if this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

8. Resolution 7 – Approval and Adoption of Employee Share Trust Plan

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That:

- (a) *the Directors are authorised to establish, administer, maintain, vary, suspend or terminate an employee share trust plan providing for the allocation of Shares to Eligible Employees (to be known as the Employee Share Trust Plan (ESTP)), in accordance with the EST, the key terms of which are detailed in Schedule 3;*
- (b) *pursuant to and in accordance with section 260C of the Corporations Act and for all other purposes, approval be given for the making of contributions by the Company to the Trustee under the ESTP to enable the Trustee to acquire Shares to be allocated to the Eligible Employees under the ESTP ; and*

- (c) *pursuant to and in accordance with Exception 9.2(b) of Listing Rule 7.2 and for all other purposes, approval be given for the issue of Shares under the ESTP,*

on the terms and conditions in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast on this Resolution by any Director (except one who is ineligible to participate in the ESTP) and an associate of such a Director.

The Company will not disregard a vote if:

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

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, if:

- (a) that person is either a member of the Key Management Personnel or a Closely Related Party of such member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

A vote may be cast by a person:

- (a) appointed as a proxy if:
 - (i) the vote is not cast on behalf of a person who is otherwise excluded from voting; and
 - (ii) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairperson and the appointment does not specify how the Chairperson is to vote but expressly authorises the Chairperson to exercise the proxy even if this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

BY ORDER OF THE BOARD



Mark Pitts
Director / Company Secretary

Dated: 24 October 2014

NEWZULU LIMITED

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EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at The Park Business Centre, 45 Ventnor Avenue, West Perth, Western Australia on Thursday, 27 November 2014 at 3:00 pm (WST).

This Explanatory Memorandum forms part of the Notice which should be read in its entirety. This Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

This Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2:	Action to be taken by Shareholders
Section 3:	Annual Report
Section 4:	Resolution 1 – Adoption of Remuneration Report
Section 5:	Resolution 2 – Re-election of Director – Mr Peter Gunzburg
Section 6:	Resolution 3 – Election of Director – Mr Philip Kiely
Section 7:	Resolution 4 – Election of Director – Mr Alexander Hartman
Section 8:	Resolution 5 – Election of Director – Mr Theo Hnarakis
Section 9:	Resolution 6 – Approval of Grant of Director Options to Mr Theo Hnarakis
Section 10:	Resolution 7 – Approval and Adoption of Employee Share Trust Plan
Schedule 1:	Definitions
Schedule 2:	Terms and Conditions of Director Options
Schedule 3:	Key Terms of Employee Share Trust Plan

A Proxy Form is attached to the Notice.

2. Action to be taken by Shareholders

Shareholders should read the Notice including this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

2.1 Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions set out in the Proxy Form. Returning the Proxy Form to the Company will not preclude a Shareholder from attending or (subject to the voting exclusions set out in the Notice) voting at the Meeting in person.

Please note that:

- (a) a Shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a Shareholder; and
- (c) a Shareholder entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. Where the proportion or number is not specified, each proxy may exercise half of the votes.

Proxy Forms must be received by the Company no later than 3:00 pm (WST) on Tuesday, 25 November 2014, being at least 48 hours before the meeting

The Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

2.2 Voting Prohibition by Proxy Holders (Remuneration of Key Management Personnel)

A vote on Resolution 1 must not be cast:

- (a) by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member, regardless of the capacity in which the vote is cast; or
- (b) by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such persons if the vote is not cast on behalf of a person who is excluded from voting on Resolution 1, and:

- (a) the person is appointed as a proxy that specifies the way the proxy is to vote on Resolution 1; or
- (b) the person is the Chairperson and the appointment of the Chairperson as proxy does not specify the way the proxy is to vote on Resolution 1, but expressly authorises the Chairperson to exercise the proxy even if Resolution 1 is connected with the remuneration of a member of the Key Management Personnel.

2.3 Voting Prohibition by Proxy Holders (Remuneration of Key Management Personnel)

A vote on Resolutions 6 and 7 must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such persons if the vote is not cast on behalf of a person who is excluded from voting on Resolution 6 or 7 (as applicable), and:

- (a) the person is appointed as a proxy that specifies the way the proxy is to vote on Resolution 6 or 7 (as applicable); or
- (b) the person is the Chairperson and the appointment of the Chairperson as proxy does not specify the way the proxy is to vote on Resolution 6 or 7 (as applicable), but expressly authorises the Chairperson to exercise the proxy even if Resolution 6 or 7 (as applicable) is connected with the remuneration of a member of the Key Management Personnel.

3. Annual Report

In accordance with section 317 of the Corporations Act, Shareholders will be offered the opportunity to discuss the Annual Report, including the Financial Report, the Directors' Report and the Auditor's Report for the financial year ended 30 June 2014.

There is no requirement for Shareholders to approve the Annual Report.

At the Meeting, Shareholders will be offered the opportunity to:

- (a) discuss the Annual Report which is available online at www.newzululimited.com;
- (b) ask questions about, or comment on, the management of the Company; and
- (c) ask the Auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chairperson about the management of the Company, or to the Auditor about:

- (a) the preparation and contents of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies adopted 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 Meeting to the Company Secretary at the Company's registered office.

4. Resolution 1 – Adoption of Remuneration Report

In accordance with section 250R(2) of the Corporations Act, the Company must put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out:

- (a) the Company's remuneration policy; and
- (b) the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

In accordance with section 250R(3) of the Corporations Act, Resolution 1 is advisory only and does not bind the Directors. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

Pursuant to the Corporations Act, Shareholders will have the opportunity to remove the whole Board except the Managing Director if the Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive annual general meetings.

If a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting, a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the Managing Director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

The Company's Remuneration Report did not receive a Strike at the Company's 2013 annual general meeting. If the Remuneration Report receives a Strike at the Meeting, Shareholders should be aware that if a second Strike is received at the Company's 2015 annual general meeting, this may result in the re-election of the Board.

The Chairperson will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

Resolution 1 is an ordinary Resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 1.

If the Chairperson is appointed as your proxy and you have not specified the way the Chairperson is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chairperson with an express authorisation for the Chairperson to vote the proxy in accordance with the Chairperson's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

5. Resolution 2 – Re-Election of Director – Mr Peter Gunzburg

Article 13.2 of the Constitution requires one third of all Directors, or if their number is not a multiple of three, then the number nearest one-third (rounded down to the nearest whole number) to retire at each annual general meeting.

Article 13.2 of the Constitution provides that a Director who retires under Article 13.2 is eligible for re-election.

Resolution 2 therefore provides that Mr Peter Gunzburg retires by rotation and seeks re-election as a Director.

Details of Mr Gunzburg's background and experience are set out in the Annual Report.

Resolution 2 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 2.

The Board (excluding Mr Gunzburg) supports the re-election of Mr Peter Gunzburg and unanimously recommends that Shareholders vote in favour of Resolution 2.

6. Resolution 3 – Election of Director – Mr Philip Kiely

In accordance with Listing Rule 14.4, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the entity.

Article 13.5 of the Constitution allows the Directors to appoint a person to fill a casual vacancy at any time, provided that the total number of Directors does not at any time exceed the maximum number specified by the Constitution. Article 13.5 of the Constitution provides that any Director so appointed holds office until the next annual general meeting and is eligible for re-election at that meeting.

Mr Kiely was appointed as a Director on 28 March 2014. Resolution 3 therefore provides that he retires from office and seeks re-election as a Director.

Details of Mr Kiely's background and experience are set out in the Annual Report.

Resolution 3 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 3.

The Board (excluding Mr Kiely) supports the election of Mr Philip Kiely and unanimously recommends that Shareholders vote in favour of Resolution 3.

7. Resolution 4 – Election of Director – Mr Alexander Hartman

In accordance with Listing Rule 14.4, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the entity.

Article 13.5 of the Constitution allows the Directors to appoint a person to fill a casual vacancy at any time, provided that the total number of Directors does not at any time exceed the maximum number specified by the Constitution. Article 13.5 of the Constitution provides that any Director so appointed holds office until the next annual general meeting and is eligible for re-election at that meeting.

Mr Hartman was appointed as a Director on 13 August 2014. Resolution 4 therefore provides that he retires from office and seeks re-election as a Director.

Details of Mr Hartman's background and experience are set out in the Annual Report.

Resolution 4 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 4.

The Board (excluding Mr Hartman) supports the election of Mr Alexander Hartman and unanimously recommends that Shareholders vote in favour of Resolution 4.

8. Resolution 5 – Election of Director – Mr Theo Hnarakis

In accordance with Listing Rule 14.4, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the entity.

Article 13.5 of the Constitution allows the Directors to appoint a person to fill a casual vacancy at any time, providing specified by the Constitution that the total number of Directors does not at any time exceed the maximum number. Any Director so appointed holds office until the next general meeting of members of the Company and is eligible for re-election at that meeting.

Mr Hnarakis was appointed as a Director on 21 October 2014. Resolution 5 therefore provides that he retires from office and seeks re-election as a Director.

Details of Mr Hnarakis's background and experience are set out in the 2014 Annual Report.

Resolution 5 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 5.

The Board (excluding Mr Hnarakis) supports the election of Mr Theo Hnarakis and recommends that shareholders vote in favour of Resolution 5.

9. Resolution 6 – Approval of Grant of Director Options to Mr Theo Hnarakis

9.1 General

Mr Theo Hnarakis was appointed as a Director on 21 October 2014. As part of his remuneration package, the Company agreed to issue 2,000,000 Director Options to Mr Hnarakis (subject to obtaining Shareholder approval).

Resolution 6 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 6.

If the Chairperson is appointed as your proxy and you have not specified the way the Chairperson is to vote on Resolution 6, by signing and returning the Proxy Form, you are considered to have provided the Chairperson with an express authorisation for the Chairperson to vote the proxy in accordance with the Chairperson intention, even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

9.2 Chapter 2E

Chapter 2E of the Corporations Act provides that a public company cannot give a financial benefit to a related party unless an exception in sections 210 to 216 (inclusive) of the Corporations Act applies or the company obtains the approval of its shareholders and gives the financial benefit within 15 months after such approval.

Under section 210 of the Corporations Act, shareholder approval is not needed where a financial benefit would be reasonable if the parties were dealing on terms that are at arm's length or are less favourable to the related party.

The grant of Director Options constitutes giving a financial benefit and Mr Hnarakis is a related part of the Company by virtue of being a Director.

In the current circumstances, the Directors independent of Mr Hnarakis in respect of Resolution 6, are satisfied that the Director Options to be granted to Mr Hnarakis (or his nominee) will be at arm's length terms on the basis that the terms of Mr Hnarakis' appointment (including the terms of the Director Options to be granted to him as part compensation for his future performance in his role as Director) were negotiated on commercial and arm's length terms prior to the appointment of Mr Hnarakis as a Director.

The Directors independent of Mr Hnarakis have concluded that in respect of Resolution 3, Shareholder approval is not required for the purposes of Chapter 2E of the Corporation Act.

9.3 Listing Rule 10.11

Listing Rule 10.11 provides that (subject to the exceptions in Listing Rule 10.12) an entity must not, without shareholder approval, issue or agree to issue equity securities to a related party.

As a Director, Mr Theo Hnarakis is considered to be a related party of the Company and none of the exceptions in Listing Rule 10.12 apply. Shareholder approval is therefore required for the Company to grant Director Options to Mr Theo Hnarakis (or his nominee who is a related party of the Company).

9.4 Specific information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to the Director Options:

- (a) the Company will issue to Mr Hnarakis (or his nominee) a maximum of 2,000,000 Director Options under the Prospectus;
- (b) the Company will issue the Director Options to Mr Hnarakis (or his nominee) no later than 1 month after the date of the Meeting (or such later date to the extent permitted by an ASX waiver or modification of the Listing Rules);
- (c) each Director Option will have an issue price of nil. Each Director Option entitles the holder to subscribe for one Share at an exercise price of \$0.20 on or before 31 October 2017. Refer to Schedule 2 for the terms and conditions of the Director Options. The Shares issued on exercise of the Director Options will rank equally with the Company's existing Shares then on issue;
- (d) no funds will be raised by the issue of the Director Options as they are being issued for nil cash consideration; and
- (e) a voting exclusion statement in respect to Resolution 6 is included in the Notice.

Approval pursuant to Listing Rule 7.1 is not required for the grant of Director Options to Mr Hnarakis (or his nominee) as approval is being obtained under Listing Rule 10.11. Accordingly, the grant of the Director Options to Mr Hnarakis (or his nominee) contemplated by Resolution 6 will not be included in the use of the Company's 15% annual placement capacity.

9.5 Directors' Recommendation

The Directors independent of Mr Theo Hnarakis unanimously recommend that Shareholders vote in favour of Resolution 6.

10. Resolution 7 – Approval and Adoption of Employee Share Trust

10.1 General

The Company has established the Newzulu Employee Share Trust (**EST**). The EST trustee is a special purpose company known as Trinity Management Pty Ltd (**Trustee**). The beneficial interest in the EST is divided into share units (**Share Units**).

The EST allows employees selected by the Board to be offered the benefit of Shares. The key reasons for the establishment of the EST are:

- (a) the Company has found that a traditional employee share plan on its own does not facilitate the take up and retention of Shares by employees. The reason is that many employees find it necessary to immediately sell their Shares in order to fund the upfront tax on those Shares. The EST structure enables the acquisition of Shares to be funded from the EST, as described below. This will enable Shares to be retained in the EST for the benefit of employees;

- (b) facilitating the retention of Shares for the benefit of employees will assist with the retention of key employees; and
- (c) a traditional employee share plan on its own creates complex and negative taxation issues for employees. The taxation issues for employees arising from the EST are much more attractive because the employees own Share Units in the EST funded by an interest free, non-recourse loan arrangement.

The key steps that will occur when Shares are issued to the Trustee under the EST to be allocated for the benefit of an Eligible Employee are as follows:

- (a) the Company makes contributions to the EST equal to the value of the Shares and the Shares are issued to the EST for consideration equal to that value. The Shares are then allocated to Share Units in the EST;
- (b) the EST provides an interest free loan to the Eligible Employee equivalent to the value of the Shares to enable the Eligible Employee to subscribe for Share Units in the EST. The loan is non-recourse. The Share Units in the EST are issued for a consideration equal to the value of the Shares issued for the benefit of the Eligible Employee;
- (c) provided the Shares have vested, the Eligible Employee can direct the EST to sell the Shares; and
- (d) the Eligible Employee's Share Units are then redeemed and the Eligible Employee receives an amount equivalent to the net consideration from the sale of the underlying Shares (less repayment of any loans and other amounts owing by the Eligible Employee).

Resolution 7 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 7.

If the Chairperson is appointed as your proxy and you have not specified the way the Chairperson is to vote on Resolution 7, by signing and returning the Proxy Form, you are considered to have provided the Chairperson with an express authorisation for the Chairperson to vote the proxy in accordance with the Chairperson intention, even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

10.2 Section 260C of the Corporations Act

The operation of the ESTP involves the Company giving financial assistance in connection with the acquisition of Shares.

Section 260A of the Corporations Act sets out particular requirements that a company must comply with in order to financially assist a person to acquire shares in that company or one of its subsidiaries. However, section 260C(4) of the Corporations Act provides that financial assistance which is given under an employee share scheme that has been approved by shareholders in a general meeting of the company is exempt from those requirements.

10.3 Listing Rule 7.2

Shareholder approval in accordance with Exception 9(b) of Listing Rule 7.2 will exempt the issue of Shares under the ESTP, without prior Shareholder approval for a period of 3 years from the date of the passing of Resolution 7, from the Company's 15% annual placement capacity.

In the absence of approval under Exception 9(b) of Listing Rule 7.2, issue of Shares under the ESTP may still occur but will be counted as part of the Company's 15% annual placement capacity (as detailed in Listing Rule 7.1).

10.4 Specific information required by Listing Rule 7.2

In accordance with Exception 9(b) of Listing Rule 7.2, the following information is provided:

- (a) as at the date of the Meeting, no issues of Shares will have been made under the ESTP;
- (b) this is the first approval sought under Exception 9(b) of Listing Rule 7.2 with respect to the ESTP;
- (c) a summary of the key terms of the ESTP is detailed in Schedule 3; and
- (d) a voting exclusion statement in respect to Resolution 7 is included in the Notice.

10.5 Directors' Recommendation

The Directors consider that the ESTP is an appropriate mechanism to assist the recruitment, reward, retention and motivation of employees and senior management of the Company, and unanimously recommend that Shareholders vote in favour of Resolution 7.

Schedule 1 - Definitions

In the Notice and this Explanatory Memorandum, words importing the singular include the plural and vice versa.

\$ means Australian Dollars.

Annual Report means the Directors' Report, the Financial Report and the Auditor's Report in respect to the financial year ended 30 June 2014.

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

Auditor means the Company's auditor from time to time, at the date of the Notice, being KPMG.

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

Board means the board of Directors.

Chairperson means the person appointed to chair the Meeting convened by the Notice.

Closely Related Party in relation to a member of a Key Management Personnel:

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

Company means Newzulu Limited ACN 078 661 444.

Constitution means the constitution of the Company as at the commencement of the Meeting.

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

Director means a director of the Company.

Director Option means an Option having the terms and conditions detailed in Schedule 2.

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

Eligible Employee has the meaning given to that term in Schedule 3.

EST has the meaning given to that term in Section 10.1.

ESTP has the meaning given to that term in Resolution 7.

Explanatory Memorandum means this explanatory memorandum which forms part of the Notice.

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

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).

Listing Rules means the listing rules of ASX.

Managing Director means the managing director of the Company.

Meeting has the meaning given to that term in the introductory paragraph of the Notice.

Notice means the notice of meeting which comprises of the notice, agenda, Explanatory Memorandum and Proxy Form.

Option means an option to acquire a Share.

Proxy Form means the proxy form attached to the Notice.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

Resolution means a resolution in the Notice.

Schedule means a schedule to this Explanatory Memorandum.

Section means a section of this Explanatory Memorandum.

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

Share Units has the meaning given to that term in Section 10.1.

Shareholder means a registered holder of a Share.

Strike has the meaning given to that term in Section 4.

Trustee has the meaning given to that term in Section 10.1.

WST means Western Standard Time, being the time in Perth, Western Australia.

Schedule 2 – Terms and Conditions of Director Options

1. Each Director Option entitles the holder to acquire one Share.
2. The Director Options are exercisable at any time on or prior to 5.00pm (WST) 31 October 2017 (**Option Exercise Period**) by completing an exercise form and delivering it together with the payment for the number of Shares in respect of which the Director Options are exercised to the registered office of the Company or to the share registry of the Company.
3. The Director Option exercise price is \$0.20 per Director Option (**Exercise Price**).
4. Subject to compliance with the Corporations Act (including but not limited to section 707(3) of the Corporations Act), the Director Options are freely transferable in whole or in part at any time prior to expiry.
5. The Shares issued on the exercise of Director Options will be issued not more than 14 days after receipt of a properly executed exercise notice and application monies. The Shares allotted pursuant to the exercise of a Director Option will rank equally with the then issued Shares in all respects. Official quotation of those Shares on the ASX will be sought.
6. There are no participation rights or entitlements inherent in the Director Options and holders will not be entitled to participate in new issues of capital offered to existing Shareholders during the currency of the Director Options.

However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 9 business days after the issue is announced. This will give the holders of Director Options the opportunity to exercise their Director Options prior to the date for determining entitlements to participate in any such issue.

7. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Director Option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital at the time of the reconstruction.
8. If the Company makes a bonus issue of Shares or other securities to Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):
 - (a) the number of Shares which must be issued on the exercise of a Director Option will be increased by the number of Shares which the Director Option holder would have received if the Director Option holder had exercised the Director Option before the record date for the bonus issue; and
 - (b) no change will be made to the Exercise Price.
9. If the Company makes an issue of Shares pro rata to Shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price will be reduced according to the following formula:

$$\text{New Exercise Price} = \frac{O - E [P - (S + D)]}{N+1}$$

O = the old Exercise Price.

E = the number of underlying Shares into which one Director Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.

10. Reminder notices will be forwarded to the Director Option holders prior to the expiry of the Director Options. Director Options not exercised before the expiry of the Option Exercise Period will lapse.
11. The Director Options will be recorded on the Company's register of securities maintained at the share registry. The register will be open for inspection by a Director Option holder free of charge. Shares to be allotted on exercise of Director Options will be recorded on the Company's share register.
12. The Director Options will not be quoted on the ASX.
13. The Director Option holder, if appearing on the Company's register of securities at the relevant date, will be entitled to receive and will be sent all reports and accounts required to be laid before Shareholders in general meeting and all notices of general meetings and will have the right to attend but shall have no right to vote at such meetings.

Schedule 3 – Key Terms of Employee Share Trust Plan

Eligibility	Eligibility for the ESTP is restricted to " Eligible Employees ", being employees consultants, directors, officers of the Company or other persons deemed by the Trustee to be an employee for the purposes of the ESTP, selected by the Company and invited to participate in the ESTP.
Operation of the ESTP	<p>If an Eligible Employee accepts an invitation to participate in the ESTP, he or she is entitled to apply for Share Units in the EST.</p> <p>An Eligible Employee may then apply for a loan from the Trustee for an amount equal to the total issue of the Share Units together with a direction to the Trustee to apply the loan moneys to acquire the Share Units. The minimum subscription that the Trustee will accept is \$1,000 per annum.</p> <p>Moneys received and accepted by the Trustee from an Eligible Employee, including any loan moneys, will be used exclusively to acquire Shares for that Eligible Employee's benefit.</p> <p>Shares will then be allocated to the Share Units issued to the Eligible Employee on a one-for-one basis.</p>
Acquisition of Shares	<p>The Trustee will acquire Shares for Eligible Employees either from new issues or from existing Shareholders, using contributions from the Company. The Shares will be registered in the name of the EST. The Shares will be held by the Trustee on behalf of the Eligible Employee and allocated to Share Units issued by the EST.</p> <p>Any dividends in respect of Shares will be distributed by the Trustee to Eligible Employees based on their Share Unit holding.</p>
Issue Price	Share Units will be issued at the prevailing market value of the Shares.
Funding Arrangements	<p>Share Units will be financed by way of a loan from the EST. For each Eligible Employee, the Trustee will only accept applications for Share Units at least \$1,000 per annum.</p> <p>An application for a loan shall be approved at the absolute discretion of the Trustee after consultation with the Company.</p> <p>The loan may, at the discretion of the Trustee in consultation with the Company bear interest or be interest free.</p> <p>The loan will not be required to be repaid until the cancellation of the Share Units acquired with the loan.</p>
Vesting Conditions	Subject to the discretion of the Board, the Share Units may be subject to vesting conditions.
Entitlements of Eligible Employees	<p>An Eligible Employee is entitled to:</p> <ul style="list-style-type: none">• receive any dividend income from Shares as declared by the Company from time to time in respect of the Shares allocated to his or her Share Units;• receive benefits from the capital value attributed to the Shares allocated to his or her Share Units;

- receive a distribution of income received by the EST for each accounting period;
- elect to cancel a minimum amount of \$5,000 Share Units (or if the holding is less than \$5,000, the remaining balance) and on such cancellation be distributed either the Shares allocated to that Share Unit holdings or a cash payment equal to the market value of those allocated Shares; and
- direct the Trustee how voting rights attached to the Shares held by the Trustee for his or her benefit shall be exercised.

Voting Rights

An Eligible Employee may direct the exercise of any voting rights attaching to Shares held by the Trustee for his or her benefit by directing the Trustee to vote these Shares at any general meeting of the Company in relation to any resolution on which voting occurs by way of poll.

Permitted use of Share Units

An Eligible Employee cannot transfer or assign or otherwise deal with his or her Share Units in favour of any person.

An Eligible Employee cannot create any equitable, contingent, future or partial interest or other security interest in a Share Unit.

Impact of termination of employment

If an Eligible Employee's employment is terminated or an Eligible Employee is made redundant and his or her Share Units are not subject to any vesting conditions, the Trustee will cancel some or all of the Share Units and subject to repayment of any outstanding loan in respect of those Shares Units, the Trustee will distribute to the Eligible Employee:

- the Shares allocated to those Share Units or a payment in cash equal to the market value of those Shares; and
- income received by the EST for each accounting period prior to the cancellation.

Withdrawing from the EST

An Eligible Employee may request that the Trustee:

- sell all or some of his or her Shares held by the EST; or
- cash out of his or her Share Units.

An Eligible Employee may sell at least \$5,000 worth of Share Units (or if the holding is less than \$5,000, the remaining balance). The Eligible Employee must repay the loan in respect of those Share Units. The Trustee will set off the amount of the outstanding loan against the distributions the Eligible Employee is entitled to upon cancellation of those Share Units.

The Trustee will also distribute income received by the EST for each accounting period prior to the cancellation.

Administrative Costs

The Company will meet all administrative costs and expenses to the extent that these are not met out of the EST's trust fund.

Liability

An Eligible Employee will not be personally liable to the Trustee or any other person in respect of any loss, damage, outgoing or liability accruing as a result of any transaction, dealing or investment made by the Trustee or any business or course of action carried on or carried out by the Trustee or otherwise accruing in the administration of the EST's trust fund.

NEWZULU LIMITED

ACN 078 661 444

PROXY FORM

The Company Secretary
Newzulu Limited

By delivery or Post

Suite 8, 7 The Esplanade
MOUNT PLEASANT WA 6153

By facsimile:

+61 8 9315 5475

Name of
Shareholder:

Address of
Shareholder:

Number of Shares
entitled to vote:

Please mark ☒ to indicate your directions. Further instructions are provided overleaf.

Proxy appointments will only be valid and accepted by the Company if they are made and received no later than 48 hours before the meeting.

Step 1 – Appoint a Proxy to Vote on Your Behalf

I/we being Shareholder/s of the Company hereby appoint:

The Chairperson
(mark box)

☐

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairperson, as my/our proxy to act generally 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, except for Resolutions 1, 6 and 7) at the Annual General Meeting of Newzulu Limited to be held at The Park Business Centre, 45 Ventnor Avenue, West Perth, Western Australia on Thursday, 27 November 2014 at 3:00 pm (WST) and at any adjournment or postponement of such meeting. If 2 proxies are appointed, the proportion or number of votes that this proxy is authorised to exercise is []% of the Shareholder's votes / [] of the Shareholder's votes. (An additional Proxy Form will be supplied by the Company, on request).

Important – If the Chairperson is your proxy or is appointed your proxy by default

The Chairperson intends to vote all available proxies in favour of Resolution 1, 6 and 7. If the Chairperson is your proxy or is appointed your proxy by default, unless you indicate otherwise by ticking either the 'for', 'against' or 'abstain' box in relation to Resolutions 1, 6 and 7, you will be expressly authorising the Chairperson to vote in accordance with the Chairperson's voting intentions those Resolutions even if any of those Resolutions are connected directly or indirectly with the remuneration of a member of Key Management Personnel.

Step 2 – Instructions as to Voting on Resolutions

The proxy is to vote for or against the Resolutions referred to in the Notice as follows:

		For	Against	Abstain*
Resolution 1	Adoption of Remuneration Report			
Resolution 2	Re-election of Director – Mr Peter Gunzburg			
Resolution 3	Election of Director – Mr Philip Kiely			
Resolution 4	Election of Director – Mr Alexander Hartman			
Resolution 5	Election of Director – Mr Theo Hnarakis			
Resolution 6	Approval of Grant of Director Options to Mr Theo Hnarakis			
Resolution 7	Approval and Adoption of Employee Share Trust			

* If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Authorised signature/s: This section **must** be signed in accordance with the instructions overleaf to enable your voting instructions to be implemented.

The Chairperson intends to vote all available proxies in favour of each Resolution.

Individual or Shareholder 1

Sole Director and Sole Company
Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

Proxy Notes:

A Shareholder entitled to attend and vote at the Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

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

Joint Holding: where the holding is in more than one name all of the holders must sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the Registered office of the Company (Suite 8, 7 The Esplanade, Mount Pleasant, Western Australia) or Facsimile (08) 9315 5475 if faxed from within Australia or +61 8 9315 5475 if faxed from outside Australia) not less than 48 hours prior to the time of commencement of the Meeting (WST).