



SCOUT SECURITY LIMITED
ACN 615 321 189
NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 10.30AM AWST

DATE: 23 December 2020

PLACE: The offices of Advanced Share Registry
110 Stirling Highway, Nedlands WA 6009

The business of the Meeting affects your shareholding, and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5PM AWST on 21 December 2020.

BUSINESS OF THE MEETING

AGENDA

FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2020 together with the declaration of the Directors, the Director's report, the Remuneration Report and the auditor's report.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2020."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

2. RESOLUTION 2 – ELECTION OF DIRECTOR – MR MARTIN PRETTY

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

"That, for the purpose of clause 14.4 of the Constitution, Listing Rule 14.4 and for all other purposes, Mr Martin Pretty, a Director who was appointed as an additional Director on 27 July 2020, retires, and being eligible, is elected as a Director."

3. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – MR ANTHONY BROWN

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

"That, for the purpose of clause 14.2 of the Constitution, Listing Rule 14.4 and for all other purposes, Mr Anthony Brown, a Director, retires by rotation, and being eligible, is re-elected as a Director."

4. RESOLUTION 4 – RE-ELECTION OF DIRECTOR – MR DAVID SHAPIRO

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

"That, for the purpose of clause 14.2 of the Constitution, Listing Rule 14.4 and for all other purposes, Mr David Shapiro, a Director, retires by rotation, and being eligible, is re-elected as a Director."

5. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF SECURITIES UNDER CONVERTIBLE NOTE FACILITY – INITIAL INSTALMENT

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

"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 731,250 Notes, the number of Shares issued on conversion of the Notes and 2,905,769 Options on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

6. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE OF OPTIONS – BROKER OPTIONS

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

"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 2,384,221 Options on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

7. RESOLUTION 7 – APPROVAL TO ISSUE OPTIONS – T1 INVESTOR OPTIONS

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

"That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 7,433,036 Options on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

8. RESOLUTION 8 – ISSUE OF SECURITIES TO RELATED PARTY - JARVISBROWN

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

"That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 18,750 Notes, the number of Shares issued on conversion of the Notes and up to 275,400 Options to Jarvisbrown Super Pty Ltd (or its nominee) on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

9. RESOLUTION 9 – ISSUE OF SECURITIES TO RELATED PARTY – EQUITABLE INVESTORS

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

"That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 401,786 Options to Equitable Investors Pty Ltd ATF Equitable Investors Dragonfly Fund Pty Ltd (or

its nominee) on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

10. RESOLUTION 10 – RATIFICATION OF PRIOR ISSUE OF PLACEMENT SHARES – TRANCHE 1 (LR 7.1)

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

"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 1,802,875 Shares on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

11. RESOLUTION 11 – RATIFICATION OF PRIOR ISSUE OF PLACEMENT SHARES – TRANCHE 1 (LR 7.1A)

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

"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 11,921,105 Shares on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

12. RESOLUTION 12 – APPROVAL TO ISSUE PLACEMENT SHARES – TRANCHE 2

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

"That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 8,498,242 Shares on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

13. RESOLUTION 13 – APPROVAL TO ISSUE OPTIONS – GLENEAGLE OPTIONS

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

"That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 1,433,256 Options on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

14. RESOLUTION 14 – CREATION OF NEW CLASS OF SHARES – PERFORMANCE SHARES

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

"That for the purposes of sections 246B and 246C(5) of the Corporations Act, clause 2.2 of the Constitution, and for all other purposes, the Company is

authorised to issue Performance Shares on the terms and conditions set out in the Explanatory Statement."

15. RESOLUTION 15 – ISSUE OF PERFORMANCE SHARES TO MR DANIEL ROBERTS

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

"That, subject to the passing of Resolution 11, for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 6,000,000 Performance Shares to Mr Daniel Roberts (or his nominee), which will convert to Shares following the achievement of specific performance milestones, on the terms and conditions set out in the Explanatory Statement"

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

16. RESOLUTION 16 – APPROVAL OF 7.1A MANDATE

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

"That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement."

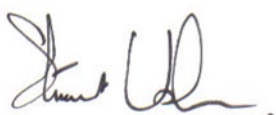
17. RESOLUTION 17 – APPOINTMENT OF AUDITOR AT AGM TO FILL VACANCY

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

"That, for the purposes of section 327B of the Corporations Act and for all other purposes, Bentleys Audit and Corporate (WA) Pty Ltd having been nominated by a Shareholder and having consented in writing to act in the capacity of auditor, be appointed as auditor of the Company with effect from the close of this Annual General Meeting."

Dated: 23 November 2020

By order of the Board



Stuart Usher
Company Secretary

Voting Prohibition Statements

Resolution 1 – Adoption of Remuneration Report	<p>A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:</p> <ul style="list-style-type: none"> (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or (b) a Closely Related Party of such a member. <p>However, a person (the voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:</p> <ul style="list-style-type: none"> (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or (b) the voter is the Chair and the appointment of the Chair as proxy: <ul style="list-style-type: none"> (i) does not specify the way the proxy is to vote on this Resolution; and (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.
Resolution 15 – Issue of Performance Shares to Related Party – Mr Daniel Roberts	<p>A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <ul style="list-style-type: none"> (a) the proxy is either: <ul style="list-style-type: none"> (i) a member of the Key Management Personnel; or (ii) a Closely Related Party of such a member; and (b) the appointment does not specify the way the proxy is to vote on this Resolution. <p>However, the above prohibition does not apply if:</p> <ul style="list-style-type: none"> (a) the proxy is the Chair; and (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Voting Exclusion Statements

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the resolution set out below by or on behalf of the following persons:

Resolution 5 – Ratification of prior issue of Securities under Convertible Note Facility	A person who participated in the issue or is a counterparty to the agreement being approved (namely Facility Participants) or an associate of that person or those persons.
Resolution 6 – Ratification of prior issue of Options – Broker Options	A person who participated in the issue or is a counterparty to the agreement being approved (namely Gleneagle Securities (Aust) Pty Limited) or an associate of that person or those persons.
Resolution 7 – Approval to issue Options – T1 Investor Options	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) (namely Facility Participants) or an associate of that person (or those persons).
Resolution 8 – Issue of Securities to Related Party – Jarvisbrown	Jarvisbrown Super Pty Ltd (or their nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
Resolution 9 – Issue of Securities to Related Party – Equitable Investors	Equitable Investors Pty Ltd ATF Equitable Investors Dragonfly Fund Pty Ltd (or their nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.

Resolution 10 – Ratification of prior issue of Placement Shares – Tranche 1 (LR7.1)	A person who participated in the issue or is a counterparty to the agreement being approved (namely the T1 Placement Participants, and the underwriters EGP Capital and Altor Capital) or an associate of that person or those persons.
Resolution 11– Ratification of prior issue of Placement Shares – Tranche 1 (LR7.1A)	A person who participated in the issue or is a counterparty to the agreement being approved (namely the T1 Placement Participants, and the underwriters EGP Capital and Altor Capital) or an associate of that person or those persons.
Resolution 12 – Approval to issue Placement Shares – Tranche 2	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) (namely the T2 Placement Participants, and the underwriters EGP Capital and Altor Capital, if required) or an associate of that person (or those persons).
Resolution 13 – Approval to issue Options – Gleneagle Options	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) (namely Gleneagle Securities (Aust) Pty Limited) or an associate of that person (or those persons).
Resolution 15 – Issue of Performance Shares to Related Party – Mr Daniel Roberts	Mr Daniel Roberts (or their nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two (2) proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

You may still attend the meeting and vote in person even if you have appointed a proxy. If you have previously submitted a Proxy Form, your attendance will not revoke your proxy appointment unless you actually vote at the meeting for which the proxy is proposed to be used, in which case, the proxy's appointment is deemed to be revoked with respect to voting on that resolution.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 499 900 044.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Corporations Act, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2020 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at <https://www.scoutalarm.com/>.

2. RESOLUTION 1 – ADOPTION OF 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 company or the directors of the company.

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 annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) 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 of the company is approved will be the directors of the company.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

3. RESOLUTION 2 – ELECTION OF DIRECTOR – MR MARTIN PRETTY

3.1 General

The Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to the Constitution and Listing Rule 14.4, any Director so appointed holds office only until the next annual general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Mr Martin Pretty, having been appointed by other Directors on 27 July 2020 in accordance with the Constitution, will retire in accordance with the Constitution and Listing Rule 14.4 and being eligible, seeks election from Shareholders.

3.2 Qualifications and other material directorships

Mr Pretty has over 20 years of experience in the investment and finance industry. He has been deeply involved throughout his career in supporting and investing in growing Australian-listed technology businesses. He was previously an investment manager with Thorney Investment Group and held management roles at ASX-listed companies Hub24, Bell Financial Group and IWL Limited.

He has worked as a finance journalist with The Australian Financial Review and is currently the managing director of boutique investment firm, Equitable Investors, and a non-executive director of financial services group Centrepont Alliance (ASX: CAF) and technology communications company MGM Wireless Ltd (ASX: MWR).

Mr Pretty holds a Bachelor of Arts (Honours) from The University of Melbourne, a Graduate Diploma of Applied Finance from Finsia, is a CFA charter holder and is a Graduate of the Australian Institute of Company Directors.

3.3 Independence

Mr Pretty has no interests, position or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to bear on issues before the Board and to act in the best interest of the Company as a whole rather than in the interests of an individual security holder or other party.

If elected the Board considers Mr Pretty will be an independent Director.

3.4 Other material information

The Company conducts appropriate checks on the background and experience of candidates before their appointment to the Board. These include checks as to a person's experience, educational qualifications, character, criminal record and

bankruptcy history. The Company undertook such checks prior to the appointment of Mr Pretty. No adverse material information was revealed by the background checks.

3.5 Board recommendation

The Board has reviewed Mr Pretty's performance since his appointment to the Board and considers that Mr Pretty's skills and experience will continue to enhance the Board's ability to perform its role. Accordingly, the Board supports the election of Mr Pretty and recommends that Shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – ANTHONY BROWN

4.1 General

Listing Rule 14.4 and clause 14.2 of the Constitution provide that, other than a managing director, a director of an entity must not hold office (without re-election) past the third annual general meeting following the director's appointment or 3 years, whichever is the longer. However, where there is more than one managing director, only one is entitled to be exempt from this rotation requirement.

Mr Brown, who has served as a Director since 22 August 2017 and was elected on 28 November 2017, retires by rotation and seeks re-election.

4.2 Qualifications and other material directorships

Mr Brown has been involved in the electronic security industry for over 25 years, with a career that spans all facets of the security industry, from the mechanical, physical, electronic, cyber and logical areas.

Mr Brown currently consults to major organisations in Australia and the Asia Pacific, with prior positions held being as the company owner of a systems integration business that was sold to Schneider Electric, general manager of several successful organisations and as the regional director for critical infrastructure for Smiths Detection.

During Mr Brown's leadership, his organisations have delivered large multi-faceted projects, won major awards for product sales and system installations within Australia and the Asia Pacific. Mr Brown is a high-energy leader with entrepreneurial flare, excellent communication skills and a passionate commitment to professionalism at all levels of an organisation.

4.3 Independence

If re-elected the Board considers Mr Brown will be an independent Director.

4.4 Board recommendation

The Board has reviewed Mr Brown's performance since his appointment to the Board and considers that Mr Brown's skills and experience will continue to enhance the Board's ability to perform its role. Accordingly, the Board supports the re-election of Mr Brown and recommends that Shareholders vote in favour of Resolution 3.

5. RESOLUTION 4 – RE-ELECTION OF DIRECTOR – MR DAVID SHAPIRO

5.1 General

Listing Rule 14.4 and clause 14.2 of the Constitution provide that, other than a managing director, a director of an entity must not hold office (without re-election) past the third annual general meeting following the director's appointment or 3 years, whichever is the longer. However, where there is more than one managing director, only one is entitled to be exempt from this rotation requirement.

Mr Shapiro, who has served as a Director since 22 August 2017 and was elected on 28 November 2017, retires by rotation and seeks re-election.

5.2 Qualifications and other material directorships

Mr Shapiro received a Bachelor of Science and Arts in computer science from Miami University of Ohio. Prior to working for the Company, Mr Shapiro worked at Sandbox Industries in Chicago, Illinois as a lead developer. Similar to his role at the Company, he was responsible for overseeing and implementing the creation of technology stacks for the various projects he worked on during his time at Sandbox.

Prior to Sandbox, Mr Shapiro worked at JPMorgan Chase as a software engineer. His role primarily focused on application development for Private Client Services within the Asset and Wealth Management group at JPMorgan Private Bank. He also spent two years as a Sales Account Executive with Total Quality Logistics, where he gained a depth of knowledge in supply chain operations.

5.3 Independence

If re-elected the Board does not consider Mr Shapiro will be an independent Director.

5.4 Board recommendation

The Board has reviewed Mr Shapiro's performance since his appointment to the Board and considers that Mr Shapiro's skills and experience will continue to enhance the Board's ability to perform its role. Accordingly, the Board supports the re-election of Mr Shapiro and recommends that Shareholders vote in favour of Resolution 4.

6. BACKGROUND TO RESOLUTIONS 5 TO 9

6.1 Background

As announced on 16 July 2020, the Company entered into an unsecured convertible note facility with clients of Gleneagle Securities (Aust) Pty Limited (**Gleneagle**) and existing shareholders of the Company, to raise up to \$2,000,000 (**Convertible Note Facility**), through the issue of up to 2,000,000 notes each with a face value of \$1.00 (**Notes**).

The participants in the Convertible Note Facility include institutional and sophisticated investors who are clients of Gleneagle and existing shareholders of the Company (**Facility Participants**). In addition to the Facility Participants, subject to Shareholder approval, Jarvisbrown Super Pty Ltd (**Jarvisbrown**), an entity associated with Mr Anthony Brown, a Director of the Company, has agreed to take up Notes to the value of \$50,000 (comprising \$18,750 in the Initial Instalment

and up to \$31,250 in any subsequent instalments which the company may elect to make).

The Company engaged Gleneagle by way of a mandate letter (**Mandate Letter**) to act as lead manager and corporate advisor in relation to the capital raising under the Convertible Note Facility. The material terms of the Mandate Letter are set out in Schedule 4, item 1.

A summary of the terms and conditions of the Convertible Note Facility is set out in Schedule 3 and a summary of the terms and conditions of the Notes is set out in Schedule 2.

The purpose of raising the funds under the Convertible Note Facility is to repay all outstanding debt of the Company (other than regular creditors) and to raise money for general corporate purposes in connection with the Company's business, including working capital needs.

6.2 Initial Instalment

The Company has drawn down \$731,250 under the Convertible Note Facility and issued 731,250 Notes on the terms and conditions set out in Schedule 2 (**Initial Instalment**). The Initial Instalment of Notes was issued out of the Company's existing capacity under Listing Rule 7.1.

The maximum number of Shares that could be issued on conversion of the Notes is 10,446,429 Shares, calculated at the date of issue of the Notes and based on the conversion price on the issue date (being \$0.07).

The Initial Instalment was conditional on the Company:

- (a) obtaining all necessary Board approvals to enter into the Convertible Note Facility;
- (b) having sufficient placement capacity under the Listing Rules to issue the Initial Instalment and the Facility Options without shareholder approval; and
- (c) confirming no event of default is continuing unremedied or would occur as a result of the issue by the Company of the Notes and the Options.

In consideration for participation in the Convertible Note Facility, Facility Participants were entitled to be issued a total of 2,980,276 Options (**Facility Options**) (proportionate to their investment). These Facility Options were issued to the relevant Facility Participants (other than Jarvisbrown) on 24 July 2020 as announced on that date. Shareholder approval for the issue of Facility Options to Jarvisbrown is being sought under Resolution 8.

At this time, the Company also issued 2,384,221 Options (**Broker Options**) to Gleneagle as part consideration for their services in connection with the Mandate Letter and the Convertible Note Facility.

Further, in consideration for participation in the Initial Instalment, Facility Participants will be issued a total of 8,035,715 Options (**T1 Investor Options**) (proportionate to their investment in the Initial Instalment), subject to Shareholder approval for the issue being obtained. Of the total 8,035,715 T1 Investor Options,

separate Shareholder approval is being sought for the issue of to related parties as follows:

- (a) 200,893 T1 Investor Options to Jarvisbrown under Resolution 8; and
- (b) 401,786 T1 Investor Options to Equitable Investors (defined below in Section 6.4(b) under Resolution 9).

The terms and conditions of all Options issued in connection with the Convertible Note Facility (including the Facility Options, Broker Options, T1 Investor Options and T2 Investor Options (as defined below)) are set out in Schedule 1. For the avoidance of doubt, all Options are issued on the same terms and conditions.

6.3 Subsequent Instalments

The Company may, but is not obliged to, make further drawings on the Convertible Note Facility by way of a drawdown request (**Subsequent Instalments**) up to the value of \$1,250,000, subject to the Company:

- (a) having sufficient placement capacity for the issue and conversion of the relevant subsequent Notes and Options proposed to be issued;
- (b) no event of default would result from the Subsequent Instalment; and
- (c) the VWAP of the Company's Shares for the 30 Trading Days prior to each of issue of the drawdown request and the proposed issue date is greater than 80% of the conversion price (determined based on the conversion price as at the date of the drawdown request and the proposed issue date, respectively).

The Company confirms that no drawdown request for a Subsequent Instalment has been made to date.

In consideration for participation in a Subsequent Instalment, Facility Participants will be issued a number of Options proportionate to their investment, calculated on the basis that 2 Options will be issued for the equivalent of 1 converted Share, with the potential of issuing up to 35,714,286 Options (**T2 Investor Options**) subject to the Company having sufficient placement capacity.

Participation by any related party in the Subsequent Instalments is subject to separate Shareholder approval including the issue of T2 Investor Options in consideration for such participation.

6.4 Related party participation in the Convertible Note Facility

(a) Jarvisbrown Participation

As set out in Section 6.1, Jarvisbrown has agreed to take up Notes up to the value of \$50,000. Jarvisbrown is a related party of the Company by virtue of being an entity controlled by Mr Anthony Brown, a Director. Any subscription for Notes by Jarvisbrown, together with any issue of other securities in connection therewith, is subject to Shareholders approving the participation in the Convertible Note Facility due to the fact. No subscription funds will be paid to the Company by Jarvisbrown in subscription for Notes, and no debt will be payable to Jarvisbrown by the Company, unless and until such Shareholder approval has been obtained. The Company is seeking Shareholder approval for the Jarvisbrown's participation in the Initial Instalment in Resolution 8.

(b) **Appointment of Martin Pretty and Participation**

For the term of the Convertible Note Facility, Gleneagle has the right to nominate a director of the Company. Gleneagle has nominated Mr Martin Pretty to the board of the Company. Mr Pretty was appointed as an additional Director of the Company on 27 July 2020 as part of the capital raising transaction.

An entity associated with Mr Pretty, Equitable Investors Pty Ltd ATF Equitable Investors Dragonfly Fund Pty Ltd (**Equitable Investors**) (who Mr Pretty is a director and beneficiary) participated in the Initial Instalment of the Convertible Note Facility prior to his appointment. The issue of Notes and Options to Equitable Investors as part of the Initial Instalment did not require Shareholder approval as Mr Pretty was not a Director of the Company at that time and only subsequently became a Director as a result of the Note issue.

Any subsequent issue of securities to Equitable Investors in connection with the Convertible Note Facility will be related party issues of securities and will require Shareholder approval. For the avoidance of doubt, any further participation in Subsequent Instalments of the Convertible Note Facility or issue of securities in connection with the Convertible Note Facility will require Shareholder approval.

6.5 Convertible Note Facility Resolutions

The Company has proposed a number of Resolutions to ratify the issue of Notes and Options in connection with the Initial Instalment in order to refresh its capacity.

Pursuant to this Meeting, the Company is seeking Shareholder ratification of the following issues to refresh its placement capacity:

- (a) the prior issue of securities to the Facility Participants under the Initial Instalment of the Convertible Note Facility (being the subject of Resolution 5);
- (b) the prior issue of 2,384,221 Broker Options to Gleneagle (being the subject of Resolution 6);

The Company is also seeking Shareholder approval for:

- (a) the issue of 7,433,036 T1 Investor Options to Facility Participants (other than Jarvisbrown and Equitable Investors) (being the subject of Resolution 7);
- (b) the related party issue of securities to Jarvisbrown including approval for the participation in the Initial Instalment to the value of \$18,750 and the issue of consideration Options (including 74,507 Facility Options and 200,893 T1 Investor Options) (being the subject of Resolution 8); and
- (c) the related party issue of securities to Equitable Investors (being the subject of Resolution 9).

7. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF SECURITIES UNDER CONVERTIBLE NOTE FACILITY – INITIAL INSTALMENT

7.1 General

On 22 July 2020, the Company issued 731,250 Notes to Facility Participants pursuant to the Convertible Note Facility at a face value of \$1 per Note to raise \$731,250. In consideration for the Facility Participants participation in the Initial Instalment, the Company issued a total 2,905,769 Facility Options to the Facility Participants (proportionate to their investment).

As set out in Section 6, the Company is seeking Shareholder ratification for the issue of the Notes, the Shares to be issued on conversion of the Notes and the Facility Options (**Initial Instalment Securities**) to enable to the Company to refresh its capacity, and if necessary, make Subsequent Instalments from the Convertible Note Facility. As at the date of this Notice, no Notes issued under the Initial Instalment have been converted.

As detailed in Section 6.1, the Company engaged the services of Gleneagle on the terms of the Mandate Letter to assist with the issue of Notes under the Convertible Note Facility. The material terms of the Mandate Letter are set out in Schedule 4, Item 1.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The issue of the Initial Instalment Securities does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of issue of the Initial Instalment Securities.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Initial Instalment Securities.

Resolution 5 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Initial Instalment Securities.

7.2 Technical information required by Listing Rule 14.1A

If Resolution 5 is passed, the Initial Instalment Securities will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Initial Instalment Securities.

If Resolution 5 is not passed, the Initial Instalment Securities will be included in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Initial Instalment Securities.

It is noted that the Company's ability to utilise the additional 10% capacity provided for in Listing Rule 7.1A for issues of equity securities following this Meeting remains conditional on Resolution 16 being passed at this Meeting.

7.3 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 5:

- (a) the Notes and Facility Options were issued to the Facility Participants (other than Jarvisbrown);
- (b) in accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that none of the recipients of Notes and Facility Options under this Resolution were:
 - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
 - (ii) issued more than 1% of the issued capital of the Company;
- (c) the material terms of the Notes are set out in Schedule 2 and the terms and conditions of the Facility Options are set out in Schedule 1;
- (d) any Shares issued on the conversion of the Notes will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (e) a total of 731,250 Notes and 2,905,769 Facility Options were issued;
- (f) the Notes were issued on 22 July 2020 and Facility Options were issued on 23 July 2020;
- (g) the issue price per Note was \$1. The Company has not and will not receive any other consideration for the issue of the Notes;
- (h) the Facility Options were issued at a nil issue price, in consideration for the Facility Participants participating in the Convertible Note Facility. The Company has not and will not receive any other consideration for the issue of the Facility Options (other than in respect of funds received on exercise of the Facility Options);
- (i) the purpose of the issue of the:
 - (i) Notes was to raise \$731,250, (Net cash received after costs totalled \$646,000) which was applied to repaying all outstanding debt of the Company (other than regular creditors), working capital to support go-to-market efforts needed in connection with the Company's white label business which has been accelerated with its white label partners along with funding

growth initiatives including additional staffing and funding of its global expansion strategy; and

- (ii) Facility Options was to satisfy the Company's obligations under the Convertible Note Facility;
- (j) the Notes and Facility Options were issued to Facility Participants (other than Jarvisbrown), being participants of the Convertible Note Facility. A summary of the material terms of the Convertible Note Facility is set out in Schedule 3.

8. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE OF OPTIONS – BROKER OPTIONS

8.1 General

On 23 July 2020, the Company issued 2,384,221 Options in consideration for services provided by Gleneagle in connection with the Convertible Note Facility (**Broker Options**).

As detailed in Section 6.1, the Company engaged Gleneagle by way of Mandate Letter to act as lead manager and corporate advisor in relation to the capital raising under the Convertible Note Facility. The material terms of the Mandate Letter are set out in Schedule 4, Item 1.

As summarised in Section 7.1 above, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that 12 month period.

Under Listing Rule 7.1A, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.

The Company's ability to utilise the additional 10% capacity provided for in Listing Rule 7.1A for issues of equity securities following this Meeting remains conditional on Resolution 16 being passed at this Meeting.

The issue of the Broker Options does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of issue of the Broker Options.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Broker Options.

Resolution 6 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Broker Options.

8.2 Technical information required by Listing Rule 14.1A

If Resolution 6 is passed, the Broker Options will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Broker Options.

If Resolution 6 is not passed, the Broker Options will be included in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Broker Options.

It is noted that the Company's ability to utilise the additional 10% capacity provided for in Listing Rule 7.1A for issues of equity securities following this Meeting remains conditional on Resolution 16 being passed at this Meeting.

8.3 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 6:

- (a) the Broker Options were issued to Gleneagle;
- (b) in accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that none of the recipients were:
 - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
 - (ii) issued more than 1% of the issued capital of the Company;
- (c) 2,384,221 Broker Options were issued and the Broker Options were issued on the terms and conditions set out in Schedule 1 (being the same terms as all Options issued in connection with the Convertible Note Facility);
- (d) the Broker Options were issued on 23 July 2020;
- (e) the Broker Options were issued at a nil issue price, in consideration for services provided by Gleneagle in connection with the Convertible Note Facility. The Company has not and will not receive any other consideration for the issue of the Broker Options (other than in respect of funds received on exercise of the Broker Options);
- (f) the purpose of the issue of the Broker Options was to satisfy the Company's obligations under the Mandate Letter; and
- (g) the Broker Options were issued to Gleneagle under the Mandate Letter. A summary of the material terms of the Mandate Letter is set out in Schedule 4, Item 1.

9. RESOLUTION 7 – APPROVAL TO ISSUE OPTIONS – T1 INVESTOR OPTIONS

9.1 General

As set out in Section 6, pursuant to the Convertible Note Facility, the Company has agreed to issue 7,433,036 Options (**T1 Investor Options**) in part consideration for Facility Participants participating in the Initial Instalment of the Company's Convertible Note Facility. The issue of the T1 Investor Options is subject to the Company obtaining Shareholder approval for the issue.

As summarised in Section 7.1 above, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the T1 Investor Options falls within exception 17 of Listing Rule 7.2. It therefore requires the approval of Shareholders under Listing Rule 7.1.

9.2 Technical information required by Listing Rule 14.1A

If Resolution 7 is passed, the Company will be able to proceed with the issue of the T1 Investor Options. In addition, the issue of the T1 Investor Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 7 is not passed, the Company will not be able to proceed with the issue of the T1 Investor Options. The Company will be in breach of the Convertible Note Facility which may result in an event of default that, if unremedied for a period of 3 business days, may enable investors holding collectively more than 50% of the outstanding aggregate amount of all Notes to declare that the outstanding aggregate amount of all Notes is repayable and the Company may be required to redeem all Notes.

Resolution 7 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the T1 Investor Options.

9.3 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 7:

- (a) the T1 Investor Options will be issued to the Facility Participants. For the avoidance of doubt, the T1 Investor Options under this Resolution are only being issued to unrelated parties. Jarvisbrown and Equitable Investors are not being issued T1 Investor Options under this Resolution. Shareholder approval for the issue of T1 Investor Options to Jarvisbrown is being considered under Resolution 8 and Shareholder approval for the issue of T1 Investor Options to Equitable Investors is being considered under Resolution 9;
- (b) in accordance with paragraph 7.2 of ASX Guidance Note 21, the Company confirms that none of the recipients of T1 Investor Options under this Resolution will be:
 - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the

Company, advisers of the Company or an associate of any of these parties; and

- (ii) issued more than 1% of the issued capital of the Company;
- (c) the maximum number of T1 Investor Options to be issued is 7,433,036. The terms and conditions of the T1 Investor Options are set out in Schedule 1 (being the same terms as all other Options issued under the Convertible Note Facility);
- (d) the T1 Investor Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the T1 Investor Options will occur on the same date;
- (e) the T1 Investor Options will be issued at a nil issue price, in consideration for Facility Participants (other than Jarvisbrown and Equitable Investors) participating in the Company's Convertible Note Facility;
- (f) the purpose of the issue of the T1 Investor Options is to satisfy the Company's obligations under the Convertible Note Facility;
- (g) the T1 Investor Options are being issued to the Facility Participants (other than Jarvisbrown and Equitable Investors) under the Convertible Note Facility agreement. A summary of the material terms of the Convertible Note Facility is set out in Schedule 3; and
- (h) the T1 Investor Options are not being issued under, or to fund, a reverse takeover.

10. RESOLUTION 8 – ISSUE OF SECURITIES TO RELATED PARTY - JARVISBROWN

10.1 General

As set out in Section 6.4(a) above, Jarvisbrown is an entity related to Director Mr Anthony Brown, who wishes to participate in the Initial Instalment of the Convertible Note Facility up to the value of \$18,750 on the same terms as unrelated participants in the Convertible Note Facility (**Participation**).

Accordingly, Resolution 8 seeks Shareholder approval for the issue of:

- (a) 18,750 Notes (including the number of Shares issued on conversion of the Notes) under the Initial Instalment; and
- (b) 275,400 Options comprising:
 - (i) 74,507 Facility Options; and
 - (ii) 200,893 T1 Investor Options,

as a result of the Participation on the terms set out below.

10.2 Chapter 2E of the Corporations Act

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 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.

The Participation will result in the issue of Notes and Options which constitutes giving a financial benefit and Jarvisbrown is a related party of the Company by virtue of being an entity controlled by Mr Anthony Brown, a Director.

The Directors (other than Mr Anthony Brown who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the Notes and Options will be issued to Jarvisbrown (or its nominee) on the same terms as the Notes and Options issued to non-related party participants in the Convertible Note Facility and as such the giving of the financial benefit is on arm's length terms.

10.3 Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- 10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The Participation falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolution 8 seeks Shareholder approval for the Participation under and for the purposes of Listing Rule 10.11.

10.4 Technical information required by Listing Rule 14.1A

If Resolution 8 is passed, the Company will be able to proceed with the issue of the Notes and Options under the Participation within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and will raise additional funds which will be used in the manner set out in Section 6.1 above. As approval pursuant to Listing Rule 7.1 is not required

for the issue of the Notes and Options in respect of the Participation (because approval is being obtained under Listing Rule 10.11), the issue of the Notes and Options will not use up any of the Company's 15% annual placement capacity.

If Resolution 8 is not passed, the Company will not be able to proceed with the issue of the Notes and Options under the Participation and no further funds will be raised in respect of the issue.

10.5 Technical 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 Resolution 8:

- (a) the Notes and Options will be issued to Jarvisbrown (or its nominee), who falls within the category set out in Listing Rule 10.11.1, as Jarvisbrown is a related party of the Company by virtue of being an entity controlled by Mr Anthony Brown, a Director;
- (b) the maximum number of Notes to be issued to Jarvisbrown (or its nominee) under the Initial Instalment is 18,750 Notes (including the number of Shares issued on conversion of the Notes) under the Initial Instalment;
- (c) the maximum number of Options to be issued is 275,400 comprising:
 - (i) 74,507 Facility Options; and
 - (ii) 200,893 T1 Investor Options;
- (d) the material terms of the Notes are set out in Schedule 2 and the terms and conditions of the Options are set out in Schedule 1. The terms of the Notes and Options being issued to Jarvisbrown are the same as all other Notes and Options being to the Facility Participants under the Convertible Note Facility;
- (e) the Shares issued on conversion of the Notes and Options will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the Notes and Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Notes and Options will be issued on the same date;
- (g) the issue price of the Options will be nil, being the same issue price as Options issued to other participants in the Convertible Note Facility. The Company will not receive any other consideration in respect of the issue of the Options (other than in respect of funds received on exercise of the Options);
- (h) the issue price will be \$1 per Note, being the same issue price as Notes issued to Facility Participants in the Convertible Note Facility. The Company will not receive any other consideration for the issue of the Notes;
- (i) the purpose of the issue of:

- (i) the Notes is to raise up to \$18,750, which will be applied towards (along with all other funds raised under the Convertible Note Facility) to repaying all outstanding debt of the Company (other than regular creditors), working capital to support go-to-market efforts needed in connection with the Company's white label business which has been accelerated with its white label partners along with funding growth initiatives including additional staffing and funding of its global expansion strategy;
- (ii) the Options to Jarvisbrown is to satisfy the Company's obligations under the Convertible Note Facility, in consideration for the Participation;
- (j) the Notes and Options to be issued are not intended to remunerate or incentivise Mr Brown;
- (k) the Notes and Options are proposed to be issued to Jarvisbrown as a participant in the Initial Instalment of the Convertible Note Facility. A summary of the material terms of the Convertible Note Facility is set out in Schedule 3; and
- (l) a voting exclusion statements is included in Resolution 8 of the Notice.

11. RESOLUTION 9 – ISSUE OF SECURITIES TO RELATED PARTY – EQUITABLE INVESTORS

11.1 General

As set out in Section 6.4(b) above, Equitable Investors, participated in the Initial Instalment of the Convertible Note Facility. The participation of Equitable Investors in the Initial Instalment of the Convertible Note Facility was \$37,500 (**Participation**).

Following the issue of the Initial Instalment, Gleneagle nominated Mr Pretty to the board of the Company in accordance with the terms of the Mandate Letter. Mr Pretty was appointed as an additional Director of the Company on 27 July 2020.

Equitable Investors (who Mr Pretty is a director and beneficiary) participated in the Initial Instalment of the Convertible Note Facility prior to his appointment. As set out in Section 6.4(b), any subsequent issue of securities to Equitable Investors in connection with the Convertible Note Facility will be related party issues of securities and will require Shareholder approval.

Accordingly, Resolution 9 seeks Shareholder approval for the issue of 401,786 T1 Investor Options to Equitable Investors in consideration for participation in the Initial Instalment of the Convertible Note Facility. Equitable Investors is entitled to be issued T1 Investor Options as a result of the Participation on the terms set out below.

11.2 Chapter 2E of the Corporations Act

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 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.

The Participation will result in the issue of Notes and Options which constitutes giving a financial benefit and Equitable Investors is a related party of the Company by virtue of being an entity controlled by Mr Martin Pretty, a Director.

The Directors (other than Mr Martin Pretty who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue as the Notes and Options will be issued to Equitable Investors (or its nominee) on the same terms as the Notes and Options issued to non-related party participants in the Convertible Note Facility and as such the giving of the financial benefit is on arm's length terms.

11.3 Listing Rule 10.11

A summary of Listing Rule 10.11 is set out in Section 10.3 above.

The issue of T1 Investor Options in consideration for the Participation falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolution 9 seeks Shareholder approval for the issue of T1 Investor Options in connection with the Participation under and for the purposes of Listing Rule 10.11.

11.4 Technical information required by Listing Rule 14.1A

If Resolution 9 is passed, the Company will be able to proceed with the issue of the T1 Investor Options in connection with the Participation within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the T1 Investor Options in respect of the Participation (because approval is being obtained under Listing Rule 10.11), the issue of the T1 Investor Options will not use up any of the Company's 15% annual placement capacity.

If Resolution 9 is not passed, the Company will not be able to proceed with the issue of the T1 Investor Options under the Participation and no further funds will be raised in respect of the issue. The Company may also be in breach of the term of the Convertible Note Facility which may result in an event of default that, if unremedied for a period of 3 business days, may enable investors holding collectively more than 50% investors to declare that the outstanding aggregate amount of all Notes is repayable and the Company may be required to redeem all Notes.

11.5 Technical 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 Resolution 9:

- (a) the T1 Investor Options will be issued to Equitable Investors (or its nominee), who falls within the category set out in Listing Rule 10.11.1, as Equitable Investors is a related party of the Company by virtue of being an entity controlled by Mr Martin Pretty, a Director;

- (b) the maximum number T1 Investor Options to be issued is 401,786 T1 Investor Options;
- (c) the terms and conditions of the T1 Investor Options are set out in Schedule 1;
- (d) the T1 Investor Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Options will occur on the same date;
- (e) the issue price of the T1 Investor Options will be nil, being the same issue price as T1 Investor Options issued to other participants in the Convertible Note Facility. The Company will not receive any other consideration in respect of the issue of the T1 Investor Options (other than in respect of funds received on exercise of the Options);
- (f) the purpose of the issue of the T1 Investor Options is to satisfy the Company's obligations under the Convertible Note Facility, in consideration for the Participation of Equitable Investors in the Initial Instalment;
- (g) the T1 Investor Options to be issued are not intended to remunerate or incentivise Mr Pretty;
- (h) the T1 Investor Options are being issued to Equitable Investors under the Convertible Note Facility. A summary of the material terms of the Convertible Note Facility is set out in Schedule 3; and
- (i) a voting exclusion statements is included in Resolution 9 of the Notice.

12. BACKGROUND TO RESOLUTIONS 10 – 13

12.1 Background

On 11 November 2020, the Company announced a placement of up to 22,222,222 Shares (**Placement Shares**) to professional and sophisticated investors to raise up to \$3,000,000 (**Placement**).

The Placement consists of two tranches as follows:

- (a) (**Tranche 1**): a total of 13,723,980 Placement Shares issued on 18 November 2020 under the Company's available placement capacity comprising:
 - (i) 1,802,875 Shares issued pursuant to Listing Rule 7.1 (being the subject of Resolution 10); and
 - (ii) 11,921,105 Shares issued pursuant to Listing Rule 7.1A (being the subject of Resolution 11); and
- (b) (**Tranche 2**): a total of 8,498,242 Placement Shares to be issued subject to the Company obtaining Shareholder approval for the issue (approval of which is being considered under Resolution 12).

The Placement Shares issued under Tranche 1 and Tranche 2 of the Placement will be issued proportionately to all investors, including the underwriters under the

Placement in accordance with their respective applications for Placement Shares.

12.2 Lead Manager and Underwriters

The Company has agreed to pay a total of \$205,380 in fees to the lead manager and underwriters of the Placement. A detailed breakdown of the lead manager and underwriting arrangements and the fees payable is set out below.

(a) Lead Manager

The Company has engaged the services of Gleneagle by way of a mandate letter (**Placement Mandate Letter**) to act as lead manager and corporate adviser in relation to the capital raising under the Placement.

The Company has agreed to pay Gleneagle a fee of \$165,380 (being 2% of the gross proceeds (**Transaction Management Fee**) plus 4% of the gross proceeds (**Capital Raising Fee**) less 1% on amounts allocated to Underwriters). Pursuant to the terms of the Placement Mandate Letter the Company proposes to also issue Gleneagle, subject to obtaining shareholder approval, 1,433,256 Options (**Gleneagle Options**) (approval of which is being considered under Resolution 13) in consideration for the services provided. A summary of the material terms of the Placement Mandate Letter is set out in Schedule 4, Item 2.

(b) Underwriting

The Company has also entered into underwriting arrangements with EGP Capital Pty Ltd (ACN 145 120 681) (AFSL 499193) (**EGP Capital**) and Altor Capital Management Pty Ltd (**Altor Capital**) (together, **Underwriters**), to partially underwrite the issue of the Placement Shares.

EGP Capital has agreed to partially underwrite the Placement for 50% of the Placement being \$1,500,000 and 11,111,111 Placement Shares. The Company agreed to pay EGP Capital an underwriting fee of \$30,000 (being, 2% of the underwriting commitment). A summary of the material terms of the underwriting agreement with EGP Capital is set out in Schedule 7.

Altor Capital has agreed to partially underwrite the Placement for \$500,000 and 3,703,703 Placement Shares. The Company agreed to pay Altor Capital an underwriting fee of \$10,000 (being, 2% of the underwriting commitment). A summary of the material terms of the underwriting agreement with Altor Capital is set out in Schedule 8.

12.3 Placement Resolutions

As announced on 18 November 2020, the Company issued the Tranche 1 Placement Shares. The Company has proposed a number of Resolutions to ratify the issue of Placement Shares issued under Tranche 1 in order to refresh its capacity.

Pursuant to this Meeting, the Company is seeking Shareholder ratification of the following issues to refresh its placement capacity:

- (a) the prior issue of Placement Shares to the T1 Placement Participants under the Tranche 1 of the Placement (being the subject of Resolutions 10 and 11).

The Company is also seeking Shareholder approval for:

- (a) the issue of Tranche 2 of the Placement Shares to the T2 Placement Participants (being the subject of Resolution 12); and
- (b) the issue of 1,433,256 Gleneagle Options to Gleneagle in consideration for services in connection with the Placement (being the subject of Resolution 13).

13. RESOLUTIONS 10 AND 11 – RATIFICATION OF PRIOR ISSUE OF PLACEMENT SHARES – TRANCHE 1 (LISTING RULES 7.1 AND 7.1A)

13.1 General

On 18 November 2020, the Company issued 13,723,980 Shares at an issue price of \$0.135 per Share to raise \$1,852,737 (**T1 Placement Shares**).

The total 13,723,980 Placement Shares were issued as follows:

- (a) 1,802,875 T1 Placement Shares were issued pursuant to the Company's capacity under Listing Rule 7.1 (being, the subject of Resolution 10); and
- (b) 11,921,105 T1 Placement Shares were issued pursuant to the Company's 7.1A mandate which was approved by Shareholders at the annual general meeting held on 29 November 2019.

As detailed in Section 12 above, the Company engaged the services of Gleneagle as lead manager to the Placement. The Underwriters (EGP Capital and Altor Capital) agreed to partially underwrite the Placement for the amounts set out in Section 12.2(b). A summary of the material terms of the Placement Mandate Letter is set out in Schedule 4, Item 2 and a summary of the underwriting agreements with EGP Capital and Altor Capital are set out in Schedules 7 and 8, respectively.

13.2 Listing Rules 7.1 and 7.1A

As summarised in Section 7.1 above, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that 12 month period.

Under Listing Rule 7.1A however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.

The Company obtained approval to increase its limit to 25% at the annual general meeting held on 29 November 2019. The Company's ability to utilise the additional 10% capacity provided for in Listing Rule 7.1A for issues of equity securities following this Meeting remains conditional on Resolution 16 being passed by the requisite majority at this Meeting.

The issue of the T1 Placement Shares does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 25% limit in Listing Rules 7.1 and 7.1A, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 and 7.1A for the 12 month period following the date of issue of the T1 Placement Shares.

13.3 Listing Rule 7.4

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the T1 Placement Shares.

Resolutions 10 and 11 seek Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the T1 Placement Shares.

13.4 Technical information required by Listing Rule 14.1A

If Resolutions 10 and 11 are passed, the T1 Placement Shares will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the T1 Placement Shares.

If Resolutions 10 and 11 are not passed, the T1 Placement Shares will be included in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the T1 Placement Shares.

It is noted that the Company's ability to utilise the additional 10% capacity provided for in Listing Rule 7.1A for issues of equity securities following this Meeting remains conditional on Resolution 16 being passed at this Meeting.

13.5 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolutions 10 and 11:

- (a) the T1 Placement Shares were issued to professional and sophisticated investors who are clients of Gleneagle (**T1 Placement Participants**) and to EGP Capital and Altor Capital as Underwriters. The recipients were identified through a bookbuild process, which involved Gleneagle seeking expressions of interest to participate in the capital raising from non-related parties of the Company;
- (b) in accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that none of the recipients were:
 - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
 - (ii) issued more than 1% of the issued capital of the Company;

- (c) 13,723,980 T1 Placement Shares were issued on the following basis:
 - (i) 1,802,875 Shares issued pursuant to Listing Rule 7.1 (ratification of which is sought under Resolution 10); and
 - (ii) 11,921,105 Shares issued pursuant to Listing Rule 7.1A (ratification of which is sought under Resolution 11);
- (d) the T1 Placement Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (e) the T1 Placement Shares were issued on 18 November 2020;
- (f) the issue price was \$0.135 per T1 Placement Share under both the issue of Shares pursuant to Listing Rule 7.1 and Listing Rule 7.1A. The Company has not and will not receive any other consideration for the issue of the T1 Placement Shares;
- (g) the purpose of the issue of the T1 Placement Shares was to raise \$1,852,737, which will be applied towards working capital, specifically to strengthen the development team for the roll out of white label arrangements with various partners, expand the sales team to accelerate sales pipeline conversion and to bolster program management capabilities to scale white label client programs; and
- (h) the T1 Placement Shares were issued to the T1 Placement Participants and to EGP Capital and Altor Capital as the Underwriters. The T1 Placement Shares were not issued under an agreement.

14. RESOLUTION 12 – APPROVAL TO ISSUE PLACEMENT SHARES – TRANCHE 2

14.1 General

As detailed about in Section 12.1, the Company is proposing to issue Tranche 2 of the Placement, being 8,498,242 Shares (**T2 Placement Shares**) at an issue price of \$0.135 per Share to raise \$1,147,262, subject to obtaining Shareholder approval.

As summarised in Section 7.1 above, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the T2 Placement Shares does not fall within any of the exceptions set out in Listing Rule 7.2 and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

14.2 Technical information required by Listing Rule 14.1A

If Resolution 12 is passed, the Company will be able to proceed with the issue of the T2 Placement Shares. In addition, the issue of the T2 Placement Shares will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 12 is not passed, the Company will not be able to proceed with the issue of the T2 Placement Shares.

Resolution 12 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the T2 Placement Shares.

14.3 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 12:

- (a) the T2 Placement Shares will be issued to professional and sophisticated investors who are clients of Gleneagle (**T2 Placement Participants**) and to EGP Capital and Altor Capital as Underwriters, if required. The recipients will be identified through a bookbuild process, which involved Gleneagle seeking expressions of interest to participate in the capital raising from non-related parties of the Company;
- (b) in accordance with paragraph 7.2 of ASX Guidance Note 21, the Company confirms that none of the recipients will be:
 - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
 - (ii) issued more than 1% of the issued capital of the Company;
- (c) the maximum number of T2 Placement Shares to be issued is 8,498,242. The T2 Placement Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the T2 Placement Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the T2 Placement Shares will occur on the same date;
- (e) the issue price of the T2 Placement Shares will be \$0.135 per T2 Placement Share. The Company will not receive any other consideration for the issue of the T2 Placement Shares;
- (f) the purpose of the issue of the T2 Placement Shares is to raise capital (up to \$1,147,262), which will be applied towards working capital, specifically to strengthen the development team for the roll out of white label arrangements with various partners, expand the sales team to accelerate sales pipeline conversion and to bolster program management capabilities to scale white label client programs;
- (g) the T2 Placement Shares will be issued to the T2 Placement Participants and to EGP Capital and Altor Capital as Underwriters, if required. The T2 Placement Shares are not being issued under an agreement; and
- (h) the T2 Placement Shares are not being issued under, or to fund, a reverse takeover.

15. RESOLUTION 13 – APPROVAL TO ISSUE OPTIONS – GLENEAGLE OPTIONS

15.1 General

As set out in Section 12.1, the Company has entered into an agreement to issue 1,433,256 Options to Gleneagle (**Gleneagle Options**) in consideration for lead manager and corporate advisory services provided by Gleneagle in connection with the Placement under the Placement Mandate Letter. The issue of the Gleneagle Options is subject to the Company obtaining Shareholder approval for the issue.

As summarised in Section 7.1 above, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the Gleneagle Options falls within exception 17 of Listing Rule 7.2. It therefore requires the approval of Shareholders under Listing Rule 7.1.

15.2 Technical information required by Listing Rule 14.1A

If Resolution 13 is passed, the Company will be able to proceed with the issue of the Gleneagle Options. In addition, the issue of the Gleneagle Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 13 is not passed, the Company will not be able to proceed with the issue of the Gleneagle Options and the Company may need to renegotiate the terms of the Placement Mandate Letter.

Resolution 13 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Gleneagle Options.

15.3 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 13:

- (a) the Gleneagle Options will be issued to Gleneagle;
- (b) in accordance with paragraph 7.2 of ASX Guidance Note 21, the Company confirms that none of the recipients will be:
 - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
 - (ii) issued more than 1% of the issued capital of the Company;
- (c) the maximum number of Gleneagle Options to be issued is 1,433,256. The terms and conditions of the Gleneagle Options are set out in Schedule 6;
- (d) the Gleneagle Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Gleneagle Options will occur on the same date;

- (e) the Gleneagle Options will be issued at a nil issue price, in consideration for the lead manager and corporate advisor services provided by Gleneagle in connection with the Placement;
- (f) the purpose of the issue of the Gleneagle Options is to satisfy the Company's obligations under the Placement Mandate Letter;
- (g) the Gleneagle Options are being issued to Gleneagle under the Placement Mandate Letter. A summary of the material terms of the Placement Mandate Letter is set out in Schedule 4, Item 2; and
- (h) the Gleneagle Options are not being issued under, or to fund, a reverse takeover.

16. RESOLUTION 14 – CREATION OF NEW CLASS OF SHARES – PERFORMANCE SHARES

16.1 General

The Company is proposing to issue 6,000,000 Performance Shares to Mr Daniel Roberts to appropriately remunerate Mr Roberts for his services as CEO of the Company and as part of a long-term incentive package to incentivise Mr Roberts to achieve the objectives of the Company and maximise Shareholder value.

Resolutions 14 and 15 seek Shareholder approval for the Company to be authorised to create the necessary class of and issue the Performance Shares.

The terms and conditions of the Performance Shares are set out in Schedule 5.

16.2 Legal Requirements

Under clause 2.2 of the Company's Constitution and, subject to the Corporations Act and the Listing Rules, the Company may issue Shares in the Company on any terms and for any consideration as the Directors resolve.

Section 246B of the Corporations Act provides that the rights attaching to a class of shares may be varied:

- (a) with the written consent of the holders of 75% of the issued shares of the affected class; or
- (b) by special resolution passed at a meeting of the holders of the issued shares of the affected class.

The Company must give written notice of the variation to the members of the affected class within 7 days after the variation is made.

Section 246C(5) of the Corporations Act confirms that if a company with only one class of shares issues a new class of shares, the issue of the new class of shares is taken to vary the rights attached to shares in the existing class if:

- (a) the rights attaching to the new class of shares are not the same as the rights attached to the existing class of shares; and
- (b) the rights attaching to the new class of shares are not provided for in:
 - (i) the company's constitution (if any); or

- (ii) a notice, document or resolution that is lodged with ASIC.

16.3 Application to the Company

The terms of the Performance Shares will not be the same as the Shares and the rights attaching to the Performance Shares are not provided for in the Constitution. Accordingly, the Company seeks Shareholder approval by special resolution at the Annual General Meeting for the creation of a new class of shares known as Performance Shares.

The Performance Shares are proposed to be issued in four classes which each have a milestone event that triggers their conversion into Shares. The proposed terms and conditions of the Performance Shares are set out in Schedule 5. It is proposed that the Performance Shares be issued to Mr Daniel Roberts. The reason for the issue of the Performance Shares to Mr Daniel Roberts is as to appropriately remunerate Mr Roberts for his services as CEO of the Company and as part of a long-term incentive package to incentivise Mr Roberts to achieve the objectives of the Company and maximise shareholder value.

In the event Resolution 13 is passed by the requisite majority, the Company will give written notice of the variation to the rights attaching to Shares to Shareholders within 7 days.

Resolution 14 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Annual General Meeting must be in favour of Resolution 14 in order for the Resolution to be passed.

17. RESOLUTIONS 15 - ISSUE OF PERFORMANCE SHARES TO DIRECTOR – MR DANIEL ROBERTS

17.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue 6,000,000 Performance Shares (**Performance Shares**) to Mr Daniel Roberts (or his nominee) on the terms and conditions set out below.

As set out in Section 16.1, the purpose of the issue of Performance Shares to Mr Roberts is to appropriately remunerate him for his services as CEO of the Company and as part of a long-term incentive package to incentivise Mr Roberts to achieve the objectives of the Company and maximise shareholder value. The Performance Shares will provide a performance linked incentive component in the remuneration package for Mr Roberts to motivate and reward his performance as a Director and to provide cost effective remuneration to Mr Roberts, enabling the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Mr Roberts.

Resolution 15 seeks Shareholder approval for the issue of the Performance Shares to Mr Roberts (or his nominee).

17.2 Chapter 2E of the Corporations Act

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 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.

The issue of Performance Shares to Mr Roberts constitutes giving a financial benefit and Mr Roberts is a related party of the Company by virtue of being a Director.

The Directors (other than Mr Roberts who has a material personal interest in Resolutions 14 and 15) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Performance Shares because the agreement to issue the Performance Shares, reached as part of the remuneration package for Mr Roberts, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

17.3 Listing Rule 10.11

A summary of Listing Rule 10.11 is set out in Section 10.3 above.

The issue of the Performance Shares falls within ASX Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. The issue of the Performance Shares therefore requires the approval of the Company's Shareholders under ASX Listing Rule 10.11.

Resolution 15 seeks the required Shareholder approval for the issue of 6,000,000 Performance Shares to Mr Roberts (or his nominee) under and for the purposes of Listing Rule 10.11.

17.4 Technical information required by Listing Rule 14.1A

If Resolution 15 is passed, the Company will be able to proceed with the issue of the Performance Shares to Mr Roberts within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Performance Shares (because approval is being obtained under Listing Rule 10.11), the issue of the Performance Shares will not use up any of the Company's 15% annual placement capacity.

If Resolution 15 is not passed, the Company will not be able to proceed with the issue of the Performance Shares and the Company will need to consider other methods for incentivising them for the continued growth of the Company's business, which may include cash payments that could have a negative impact on the Company's ongoing cash flow.

17.5 Technical 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 Resolution 15:

- (a) the Performance Shares will be issued to Mr Roberts (or his nominee), who falls within the category set out in Listing Rule 10.11.1 as Mr Roberts is a related party of the Company by virtue of being a Director;
- (b) the number of Performance Shares to be issued is 6,000,000 Performance Shares to Mr Roberts, comprising:
 - (i) 1,500,000 Class A Performance Shares;

- (ii) 1,500,000 Class B Performance Shares;
 - (iii) 1,500,000 Class C Performance Shares; and
 - (iv) 1,500,000 Class D Performance Shares;
- (c) the terms and conditions of the Performance Shares are set out in Schedule 5;
 - (d) the Performance Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Performance Shares will occur on the same date;
 - (e) the issue price of the Performance Shares will be nil. The Company will not receive any other consideration in respect of the issue of the Performance Shares;
 - (f) the purpose of the issue of the Performance Shares is to provide a performance linked incentive component in the remuneration package for Mr Roberts to motivate and reward their performance as a Director and to provide cost effective remuneration to Mr Roberts, enabling the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Mr Roberts;
 - (g) the current total remuneration package for Mr Roberts is USD \$225,000, comprising of directors' fees/salary. This was recently increased from USD \$150,000 with effect from 1 October 2020. If the Performance Shares are issued, the total remuneration package of Mr Roberts would increase by USD \$403,000 to USD \$628,000, being the value of the Performance Shares. (the valuation of Class A and B Performance Shares is based on the Black Scholes methodology, and the valuation of Class C and D Performance Shares is based on the Monte Carlo simulation option pricing model); and
 - (h) the Performance Shares are not being issued under an agreement.

18. RESOLUTION 16 – APPROVAL OF 7.1A MANDATE

18.1 General

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

However, under Listing Rule 7.1A, an eligible entity may seek shareholder approval by way of a special resolution passed at its annual general meeting to increase this 15% limit by an extra 10% to 25% (**7.1A Mandate**).

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300,000,000 or less. The Company is an eligible entity for these purposes.

As at the date of this Notice, the Company is an 'eligible entity' as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$14.31 million (based on the number of Shares on issue and the closing price of Shares on the

ASX on 21 October 2020 and excluding any restricted securities that may be on issue).

Resolution 16 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% placement capacity provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval.

If Resolution 16 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 16 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1A, and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

18.2 Technical information required by Listing Rule 7.1A

Pursuant to and in accordance with Listing Rule 7.3A, the information below is provided in relation to Resolution 16:

(a) Period for which the 7.1A Mandate is valid

The 7.1A Mandate will commence on the date of the Meeting and expire on the first to occur of the following:

- (i) the date that is 12 months after the date of this Meeting;
- (ii) the time and date of the Company's next annual general meeting; and
- (iii) the time and date of approval by Shareholders of any transaction under Listing Rule 11.1.2 (a significant change in the nature or scale of activities) or Listing Rule 11.2 (disposal of the main undertaking).

(b) Minimum Price

Any Equity Securities issued under the 7.1A Mandate must be in an existing quoted class of Equity Securities and be issued at a minimum price of 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the entity and the recipient of the Equity Securities; or
- (ii) if the Equity Securities are not issued within 10 trading days of the date in Section 18.2(b)(i), the date on which the Equity Securities are issued.

(c) Use of funds raised under the 7.1A Mandate

The Company intends to use funds raised from issues of Equity Securities under the 7.1A Mandate for the acquisition of new assets and investments (including expenses associated with such an acquisition), the

development of the Company's current business and/or general working capital.

(d) **Risk of Economic and Voting Dilution**

Any issue of Equity Securities under the 7.1A Mandate will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 16 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 7.1A Mandate, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A.2, on the basis of the closing market price of Shares and the number of Equity Securities on issue as at 20 November 2020.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 7.1A Mandate.

			Dilution		
Number of Shares on Issue (Variable A in Listing Rule 7.1A.2)		Shares issued – 10% voting dilution	Issue Price		
			\$0.065	\$0.13	\$0.195
			50% decrease	Issue Price	50% increase
			Funds Raised		
Current	141,968,989 Shares	14,196,898 Shares	\$922,798	\$1,845,597	\$2,768,395
50% increase	212,953,484 Shares	21,295,348 Shares	\$1,384,198	\$2,768,395	\$4,152,593
100% increase	283,937,978 Shares	28,393,797 Shares	\$1,845,597	\$3,691,194	\$5,536,790

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

- There are currently 141,968,989 Shares on issue comprising:
 - 133,470,747 existing Shares as at the date of this Notice of Meeting; and
 - 8,498,242 Shares which will be issued if Resolution 12 is passed at this Meeting.
- The issue price set out above is the closing market price of the Shares on the ASX on 20 November 2020.
- The Company issues the maximum possible number of Equity Securities under the 7.1A Mandate.
- The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1.

5. The issue of Equity Securities under the 7.1A Mandate consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
6. It is assumed that no Notes are converted into Shares before the date of issue of the Equity Securities.
7. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
8. This table does not set out any dilution pursuant to approvals under Listing Rule 7.1 unless otherwise disclosed.
9. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
10. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 7.1A mandate, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(e) **Allocation policy under the 7.1A Mandate**

The recipients of the Equity Securities to be issued under the 7.1A Mandate have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 7.1A Mandate, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue, share purchase plan, placement or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

(f) **Previous approval under Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A at its annual general meeting held on 29 November 2019 (**Previous Approval**).

During the 12-month period preceding the date of the Meeting, being on and from 23 December 2019, the Company issued 11,921,105 Shares pursuant to the Previous Approval (**Previous Issue**), which represent approximately 7.3% of the total diluted number of Equity Securities on issue in the Company on 23 December 2019, which was 162,516,561.

Further details of the issues of Equity Securities by the Company pursuant to Listing Rule 7.1A.2 during the 12 month period preceding the date of the Meeting are set out below.

The following information is provided in accordance with Listing Rule 7.3A.6(b) in respect of the Previous Issue:

Date of Issue and Appendix 2A	Date of Issue: 18 November 2020 Date of Appendix 2A: 18 November 2020
Recipients	Professional and sophisticated investors as part of a placement announced on 11 November 2020 (being the T1 Placement Participants) and the Underwriters. The T1 Placement Participants were identified through a bookbuild process, which involved Gleneagle seeking expressions of interest to participate in the placement from non-related parties of the Company.
Number and Class of Equity Securities Issued	11,921,105 Shares ²
Issue Price and discount to Market Price¹ (if any)	\$0.135 per Share (at a discount 10% to Market Price).
Total Cash Consideration and Use of Funds	Amount raised: \$1,609,349 Amount spent: \$ Nil Use of funds: working capital, specifically to strengthen the development team for the roll out of white label arrangements with various partners. Amount remaining: \$1,609,349 Proposed use of remaining funds³: working capital, specifically to strengthen the development team for the roll out of white label arrangements with various partners.

Notes:

1. Market Price means the closing price of Shares on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
2. Fully paid ordinary shares in the capital of the Company, ASX Code: SCT (terms are set out in the Constitution).
3. This is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.

18.3 Voting Exclusion Statement

As at the date of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A. Accordingly, a voting exclusion statement is not included in this Notice.

19. RESOLUTION 17 – APPOINTMENT OF AUDITOR AT AGM TO FILL VACANCY

Section 327B(1) of the Corporations Act provides that a public company must appoint an auditor at its first annual general meeting and at any subsequent annual general meeting thereafter where there is a vacancy.

On 25 February 2020, the Company announced the resignation of the Company's auditor Nexia Perth Audit Services Pty Ltd (**Nexia**), due to the untimely death of the audit partner and main point of contact at Nexia for the Company.

Nexia, in accordance with section 329(5) of the Corporations Act and with ASIC's consent, resigned as the Company's auditor effective 25 February 2020.

Pursuant to section 327C of the Corporations Act, the Board appointed Bentleys Audit and Corporate (WA) Pty Ltd (**Bentleys**) to fill the vacancy effective 25 February 2020.

In accordance with section 328B(1) of the Corporations Act, the Company has sought and obtained a nomination from a Shareholder for Bentleys to be appointed as the Company's auditor. A copy of this nomination is attached to this Explanatory Statement as Annexure A.

Bentleys has given its written consent to act as the Company's auditor in accordance with section 328A(1) of the Corporations Act, subject to Shareholder approval.

If Resolution 17 is passed, the appointment of Bentleys as the Company's auditors will take effect from the close of the Annual General Meeting.

GLOSSARY

\$ means Australian dollars.

7.1A Mandate has the meaning given in Section 18.1.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Scout Security Limited (ACN 615 321 189).

Constitution means the Company's constitution.

Convertible Note Facility has the meaning given in Section 6.1.

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

Directors means the current directors of the Company.

Equitable Investors means Equitable Investors Pty Ltd ATF Equitable Investors Dragonfly Fund Pty Ltd.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Facility Participants means participants in the Convertible Note Facility (excluded participants that are related parties of the Company).

Gleneagle means Gleneagle Securities (Aust) Pty Limited.

Gleneagle Options has the meaning given in Section 15.1.

Jarvisbrown means Jarvisbrown Super Pty Ltd.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Listing Rules means the Listing Rules of ASX.

Notes has the meaning given in Section 6.1, issued on the terms and conditions summarised at Schedule 2.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Placement has the meaning given in Section 12.1.

Placement Shares has the meaning given in Section 12.1.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2020.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

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

Shareholder means a registered holder of a Share.

T1 Investor Options has the meaning given in Section 6.2, issued on the terms and conditions summarised at Schedule 1.

T1 Placement Participants has the meaning given in Section 13.5(a).

T2 Investor Options has the meaning given in Section 6.3, issued on the terms and conditions summarised at Schedule 1.

T2 Placement Participants has the meaning given in Section 14.3(a).

Variable A means "A" as set out in the formula in Listing Rule 7.1A.2.

WST means Western Standard Time as observed in Perth, Western Australia.

ANNEXURE A – NOMINATION OF AUDITOR

6 January 2020

Scout Security Limited
Suite A7 435 Roberts Road
Subiaco WA 6008

I, Daniel Roberts being a member of Scout Security Limited (**Company**), nominate Bentleys Audit & Corporate (WA) Pty Ltd in accordance with section 328B(1) of the *Corporations Act 2001* (Cth) (Act) to fill the office of auditor of the Company.

Please distribute copies of this notice of this nomination as required by section 328B(3) of the Act.

Signed and dated:

A handwritten signature in dark ink, appearing to be 'D. Roberts', with a long horizontal line extending to the right.

Daniel Roberts
6 January 2020

SCHEDULE 1 – TERMS AND CONDITIONS OF OPTIONS

- (a) Subject to section (g), each Option entitles the holder to one fully paid ordinary share (**Share**) in the capital of the Company.
- (b) Each Option will expire at 5:00 pm (AEST) on 24 July 2020 (**Expiry Date**).
- (c) Subject to section (h), the exercise price of the Options is \$0.07 per Option (**Exercise Price**).
- (d) To exercise the Options, the Option holder must duly complete, execute and deliver to the Company an exercise notice in the form attached as Exhibit A (**Notice of Exercise**). Options may be exercised by the Option holder in whole or in part by completing the Notice of Exercise and forwarding the same to the Secretary of the Company to be received prior to the Expiry Date. The Notice of Exercise must, among other things, state the number of Options exercised and the consequent number of Shares to be issued. The Notice of Exercise by an Option holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of the Exercise Price per Option.
- (e) All Shares issued upon the exercise of the Options will rank equally in all respects with the Company's then issued Shares.
- (f) There are no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues or pro-rata issues of capital to shareholders during the term of the Options. The Option holder has no rights to a change in the exercise price of the Option or a change to the number of underlying securities over which the Option can be exercised other than in relation to a Bonus Issue (defined below).
- (g) If there is a bonus issue (**Bonus Issue**) to the Company's shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue (**Bonus Shares**). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue, and upon issue will rank equally in all respects with the other Shares on issue as at the date of issue of the Bonus Shares.
- (h) In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, all rights of the Option holder will be reconstructed (as appropriate) in accordance with the Listing Rules.
- (i) The Options are transferable, subject at all times to the Company's constitution, any transfer or escrow restrictions imposed by ASX or under applicable Australian securities laws, including the Corporations Act 2001 (Cth).
- (j) The Company will:
 - (i) apply for official quotation on ASX of the Shares issued on the conversion of an Option in accordance with Listing Rule 2.8;
 - (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, it must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy

section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (iii) procure the issue and delivery of a holding statement to the Investor as soon as practicable following the issue of the Shares issued on the conversion of the Options.
- (k) Some or all of the Options may be exercised at any one time before the Expiry Date.

SCHEDULE 2 – TERMS AND CONDITIONS OF NOTES

The material terms of the Notes are set out below:

- (a) **(Face Value)**: each Note will have a face value of \$1.00.
- (b) **(Maturity Date)**: The maturity date of the Notes is the date that is 24 months from the date the Convertible Note Facility is signed by all the parties (Effective Date).
- (c) **(Interest)**: 5% per annum, payable on drawn funds, accruing daily and payable quarterly.
- (d) **(Conversion)**: Each Note issued under the Convertible Note Facility may be converted into one fully paid ordinary share in the capital of the Company at the Conversion Price.
- (e) **(Conversion Price)**: The conversion price of the Note will be the lower of:
 - (i) \$0.07; and
 - (ii) a 20% discount to any future equity issuance by the Company, provided that the Conversion Price will be no less than the floor price of \$0.03.
- (f) **(Variation to Conversion Price)**: In the event the Company undertakes a bonus issue, rights issue or capital reorganization (including consolidation, subdivision, reduction or return), the Conversion Price (including the floor price) will be varied to the extent applicable and subject to the ASX Listing Rules to place investors in substantially the same position as they would have been had no such event occurred.
- (g) **(Conversion Right)**: If an investor elects to convert all or part of a Note into Shares at any time up to and including the Maturity Date then, it may do so by giving a written notice to the Company specifying the number of Notes (or part thereof) the investor intends to convert, the aggregate principal amount of those Notes (which must be a minimum of \$50,000 or any higher integral multiple of \$25,000) and the applicable Conversion Price.
- (h) **(Redemption)**: If, during the period of 23 months from the Effective Date (Redemption Period), the Company wishes to redeem all or part of the Notes, it may do so by giving not less than 30 days' notice in writing (Redemption Notice) to all of the Investors specifying the aggregate principal amount of the Notes that the Company intends to redeem and the number of Notes (or part thereof) of each Investor that the Company intends to redeem, provided that the Notes must be redeemed proportionately.

SCHEDULE 3 – MATERIAL TERMS OF THE CONVERTIBLE NOTE FACILITY

A summary of the key terms of the Convertible Note Facility is set out below:

(a) **Term**

The term of the Convertible Note Facility is 2 years.

(b) **Conversion**

Each note issued under the Convertible Note Facility (**Note**) may be converted into one fully paid ordinary share in the capital of the Company at the Conversion Price (below).

(c) **Maturity Date**

The maturity date of the Notes is the date that is 24 months from the date the Convertible Note Facility is signed by all the parties (**Effective Date**);

(d) **Face Value**

The face value of a Note is \$1.00.

(e) **Conversion Price**

The conversion price of the Note will be the lower of:

- (i) \$0.07; and
- (ii) a 20% discount to any future equity issuance by the Company, provided that the Conversion Price will be no less than the floor price of \$0.03.

(f) **Variation to Conversion Price**

In the event the Company undertakes a bonus issue, rights issue or capital reorganization (including consolidation, subdivision, reduction or return), the Conversion Price (including the floor price) will be varied to the extent applicable and subject to the ASX Listing Rules to place investors in substantially the same position as they would have been had no such event occurred.

(g) **Conversion Right**

If an investor elects to convert all or part of a Note into Shares at any time up to and including the Maturity Date then, it may do so by giving a written notice to the Company specifying the number of Notes (or part thereof) the investor intends to convert, the aggregate principal amount of those Notes (which must be a minimum of \$50,000 or any higher integral multiple of \$25,000) (**Specified Principal Amount**) and the applicable Conversion Price.

The number of Shares to be issued on conversion is calculated in accordance with the following formula:

$$\text{Number of Shares} = \frac{\text{Specified Principal Amount}}{\text{Conversion Price}}$$

(h) **Facility Options**

In consideration for participation in the Note, Investors will be paid a Facility Fee in the form of 2,980,276 Options (issued proportionate to their individual investment).

(i) **Initial Instalment**

The Company will draw \$750,000 in an Initial Instalment at completion:

- (i) In consideration for participation in the Initial Instalment, Investors will be issued a total of 8,035,715 Options (**T1 Investor Options**) (proportionate to their investment in the Initial Instalment), subject to Shareholder approval for the issue being obtained.
- (ii) The Investors will have the right to convert the Initial Instalment at any time.

(j) **Subsequent Instalments**

- (i) The Company may draw, but is under no obligation to draw, Subsequent Instalments totalling \$1.25 million. Until such time as the Company elects to draw a Subsequent Instalment, the Company will be under no obligation to issue any securities beyond those issued to investors under the Initial Instalment and will not be penalized in any way should it elect not to draw any Subsequent Instalment.
- (ii) It is a condition precedent to the Company electing to draw a Subsequent Instalment that it has sufficient placement capacity at the time the drawing is made to issue the Subsequent Instalment, including all shares and options to be issued in connection with the Subsequent Instalment.
- (iii) Subsequent Instalments may be drawn monthly on 21 days' notice in instalments of either \$250,000 or \$500,000, subject to the Company's share price being greater than 80% of the conversion price (determined based on the conversion price as at the date of the drawdown request and the proposed issue date of the Note, respectively).
- (iv) In consideration for participation a Subsequent Instalment, Investors will be issued a number of Options proportionate to their investment, calculated on the basis that 2 Options will be issued for the equivalent of 1 converted share, with the potential of issuing a total of 35,714,286 Options (**T2 Investor Options**). The number of T2 Investor Options is calculated as follows:

$$A = \frac{B}{C} \times D$$

where:

A is the number of T2 Investor Options to be issued;

B is the principal amount of the Subsequent Instalment;

C is the \$1,250,000; and

D is the total number of T2 Investor Options, being 35,714,286 Options.

- (v) The Company may elect to redeem any Subsequent Instalments ahead of any conversion rights.

(k) **Interest**

Interest of 5% p.a. is payable on drawn funds, accruing daily and payable quarterly.

(l) **Redemption**

If, during the period of 23 months from the Effective Date (**Redemption Period**), the Company wishes to redeem all or part of the Notes, it may do so by giving not less than 30 days' notice in writing (Redemption Notice) to all of the Investors specifying the aggregate principal amount of the Notes that the Company intends to redeem and the number of Notes (or part thereof) of each Investor that the Company intends to redeem, provided that the Notes must be redeemed proportionately.

(m) **Security**

The Convertible Note Facility is unsecured.

(n) **Default**

In the event of a default that is unremedied for a period of 3 business days, if a number of investors holding collectively more than 50% of the total outstanding aggregate amount of all Notes so agree, the investors may declare at any time by notice to the Company that:

- (i) the entire outstanding aggregate amount of all Notes, together with accrued interest, and all other amounts accrued or outstanding under the Convertible Note Facility or the Notes, is either:
 - (A) payable on demand; or
 - (B) immediately due for payment and payable,and the Company is required to redeem all the Notes;
- (ii) the investors' obligations specified in the notice are terminated; and/or
- (iii) the investors may exercise any or all of their rights, remedies, powers or discretion under the Convertible Note Facility.

(o) **Events of Default**

- (i) **(ASX)**: the ASX makes a determination that the terms of the Notes, the Facility Options, the T1 Investor Options or the T2 Investor Options do not comply with the Listing Rules, including, for the avoidance of doubt, Listing Rule 6.1;
- (ii) **(shareholder approval)**: the Company fails to obtain (or maintain) any shareholder, regulatory or other approvals necessary for any transaction contemplated by the Convertible Note Facility;

- (iii) **(failure to issue Shares)**: the Company has not issued Shares to an Investor within 5 Business Days of receipt of a Conversion Notice (except where a redemption notice is issued);
- (iv) **(failure to issue Options)**: the Company fails to issue Options to an Investor in accordance with the terms of clause 4.6;
- (v) **(payment)**: the Company fails to pay any amount due under this Convertible Note Facility on when due;
- (vi) **(performance default)**: failure by the Company to perform any other material obligation, covenant or undertaking under the Convertible Note Facility, excluding payment default, and, in relation to any rectifiable failure, within 14 days following notice by any Investor requiring rectification;
- (vii) **(Company warranties)**: the Company is breach of any of the Company warranties;
- (viii) **(compliance)**: the Company fails to comply with any Listing Rule which results in a Material Adverse Change;
- (ix) **(Subsidiaries)**: an entity that is a subsidiary of the Company at the date of the Convertible Note Facility ceases to be a subsidiary of the Company;
- (x) **(merger)**: the Company consolidates with, merges or amalgamates into or transfers all or substantially all of its assets to any person;
- (xi) **(insolvency)**: an Insolvency Event occurs in relation to the Company or a subsidiary of the Company;
- (xii) **(cross default)**: any indebtedness of the Company or any of its subsidiaries is not paid when due (or within any applicable grace period) or is or becomes due and payable prior to its stated maturity date for any reason;
- (xiii) **(attachment)**: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Company or any of its subsidiaries;
- (xiv) **(enforcement)**: a mortgagee, chargee or other encumbrancer takes possession of, exercises rights under any security in relation to, or a receiver, receiver and manager, administrator, liquidator, provisional liquidator or officer of the Court is appointed in relation to, the whole or any substantial part of the property, assets or revenues of the Company or any of its subsidiaries (as the case may be);
- (xv) **(Authorisations)**: any authorisation, approval or consent (including any governmental, regulatory or corporate approval or consent) required for the issue, redemption or conversion of the Notes (Authorisation) is not obtained or is suspended, terminated, revoked, withdrawn or expires, modified, restricted or otherwise fails to remain in full force and effect (in whole or in part) in any way unacceptable to the Investors;
- (xvi) **(winding up)**: an order is made or an effective resolution passed for the winding-up or dissolution, judicial management or administration of the Company or any of its subsidiaries, or the Company or any of its

Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations;

- (xvii) **(unlawful)**: it is or becomes unlawful for:
 - (A) the Company to perform or comply with any one or more of its obligations under any of the Notes or the Convertible Note Facility;
 - (B) the investors as a whole to convert any Notes or hold any Shares, other than because of the operation of clause 10.3(d); or
 - (C) the Company or any of its subsidiaries to carry on all or substantially all of its business or operations;
- (xviii) **(disposal)**: the Company or any of subsidiaries transfers or otherwise disposes of all or substantially all of its business or assets to any person;
- (xix) **(expropriation)**: any Governmental agency takes any other action which:
 - (A) prevents the Company or any of its subsidiaries or their respective management from conducting all or a substantial part of its business or operations; or
 - (B) deprives the Company or any of its subsidiaries of the use of any material asset;
- (xx) **(audit)**: a material qualification (excluding a qualification that is substantially similar to qualifications included in the Company's financial statements as at 30 June 2019 or 31 December 2019) is made by any auditor appointed by the Company or any of its subsidiaries to audit its financial statements;
- (xxi) **(non-Listing)**: Shares cease to be listed on the ASX or are suspended from trading for more than 30 consecutive Trading Days; or
- (xxii) **(Material Adverse Change)**: a Material Adverse Change occurs or is reasonably likely to occur in relation to the Company or any of its subsidiaries, provided that if an Investor considers that a Material Adverse Change is reasonably likely to occur, the Company will have a period of 10 Trading Days to either remedy the circumstances that may result in a Material Adverse Change or satisfy the Investor (acting reasonably) that a Material Adverse Change is not likely to occur.

(p) **Option terms**

All Options in the transaction will be exercisable at \$0.07 per Option and will expire on 16 July 2024.

The Convertible Note Facility also contains such other terms as are considered standard for an agreement of this nature (including representations and warranties, indemnities, and confidentiality provisions).

SCHEDULE 4 – MATERIAL TERMS OF MANDATE LETTERS

1. Mandate Letter – Convertible Note Facility

The Company engaged Gleneagle Securities (Aust) Pty Ltd (**Gleneagle**) by way of a mandate letter (**Mandate Letter**) to act as lead manager and corporate advisor in relation to the capital raising under the Convertible Note Facility (**Capital Raising**). The material terms of the Mandate Letter are set out below:

(a) Fees

The Company agrees to pay the following fees to Gleneagle:

- (i) **Success Fee:** On completion of the Capital Raising, assuming the full amount is raised under the Convertible Note Facility, the Company will pay:
 - (A) **Transaction Management Fee:** a transaction management fee of up to \$40,000 being 2% of the amount raised);
 - (B) **Capital Raising Fee:** a capital raising fee of up to \$80,000 (being 4% of the gross proceeds of each issuance or drawdown comprising the Capital Raising); and
 - (C) **Option Fee:** the issue of 2,384,221 Options to Gleneagle (or its nominees),(together, the **Success Fee**).
- (ii) **Retainer Fee:** a retainer fee of \$7,500 per month for a 12-month term commencing on completion of the first tranche of the Capital Raising and renewable by mutual agreement of the parties after the initial 12-month term.
- (iii) **Drop Dead Fee:** in the event the Company undergoes a change of control and does not proceed with the Capital Raising, Gleneagle will be immediately paid a fee of \$120,000 plus an amount equal to all outstanding bills to transaction mandated parties/outstanding costs and expenses.

(b) Expenses

The Company agrees to reimburse Gleneagle for all reasonable costs and expenses incurred in connection with performing its services under this Mandate Letter including legal fees up to \$20,000.

(c) Penalty Fee

The Options making up the Success Fee must be issued before 30 November 2020, i.e. after the next AGM or EGM. If the options are not issued by 30 November 2020 (for any reason, including shareholder objection), then the Company will pay to Gleneagle a fee of \$150,000.

(d) Director Nominee

For the term of the Convertible Note Facility, Gleneagle will have the right to nominate a director of the Company.

(e) **Term**

The term of Gleneagle's appointment pursuant to the Mandate Letter is for a period of 12 months, unless extended by the Parties by mutual agreement. The parties agree to extend the term of appointment for 12 months if a Retainer Fee becomes payable (from the date the first Retainer Fee is due).

(f) **First Right of Refusal**

Gleneagle will be offered a first right of refusal to act as adviser/in such capacity as Gleneagle elects on any subsequent transaction (being any corporate activity including (but not limited to) a capital raising from Australian-based investors or defence of a takeover approach or scheme of arrangement).

(g) **Termination**

Either party may terminate the Mandate Letter with or without cause at any time, provided that any termination effected by a party will only take effect upon receipt by the other party of written notice to that effect.

(i) In the event of termination by the Company prior to completion (unless such termination results from a breach by Gleneagle), Gleneagle will be entitled to:

- (A) all fees, costs and expenses it has incurred up until such termination;
- (B) a break fee equal to 50% of the Retainer Fee that would be incurred from the date of termination through to the end of the 12-month term (**Break Fee**); and
- (C) in the event termination occurs prior to completion of the Capital Raising, an additional Break Fee equal to 50% of the Success Fees (excluding options),

provided that the Company will not be obliged to pay the amounts set out in paragraphs (B) and (C) above in the event that Gleneagle is unable or unwilling to procure investors in respect of the Capital Raising within 30 days following the date of the Mandate Letter.

The Mandate Letter also contains such other terms as are considered standard for an agreement of this nature (including representations and warranties, indemnities, and confidentiality provisions).

2. **Placement Mandate Letter – Placement**

The Company also engaged Gleneagle by way of a mandate letter (**Placement Mandate Letter**) to act as lead manager and corporate advisor in relation to a capital raising by way of placement of ordinary Shares to raise to \$3,000,000 – 5,000,000 (**Placement**). The Placement is to be conducted in two tranches with the second tranche being subject to the Company obtaining Shareholder

approval for the tranche. The material terms of the Placement Mandate Letter are set out below:

(a) **Fees**

The Company agrees to pay the following fees to Gleneagle:

(i) **Success Fee:** On completion of the Placement, the Company will pay:

(A) **Transaction Management Fee:** a transaction management fee of approximately \$60,000, being 2% of the gross proceeds;

(B) **Capital Raising Fee:** a capital raising fee of approximately \$120,000, being 4% of the gross proceeds; and

(C) **Option Fee:** the issue of 1,433,256 Options to Gleneagle (or its nominees),

(together, the **Success Fee**), provided that the Capital Raising Fee will be reduced by approximately \$15,000 (being 1% for the first \$1,500,000 of the Placement underwritten by EGP Capital Pty Ltd), in the event that part of the Placement is underwritten.

(ii) **No follow-on fee:** Gleneagle will not be entitled to a Follow-on Fee in respect of funds raised from persons with whom the Company had an existing relationship as at 11 June 2020, including current shareholders as at that date, but excluding investors in the Convertible Note.

(b) **Expenses**

The Company agrees to reimburse Gleneagle for all reasonable costs and expenses incurred in connection with performing its services under this Placement Mandate Letter including legal fees up to \$10,000.

(c) **Term**

The term of Gleneagle's appointment is for a period of 12 months, unless extended by the Parties by mutual agreement. The parties agree to extend the term of appointment for 12 months if a Retainer Fee becomes payable (from the date the first Retainer Fee is due).

(d) **First Right of Refusal**

Gleneagle will be offered a first right of refusal to act as adviser/in such capacity as Gleneagle elects on any subsequent transaction (being any corporate activity including (but not limited to) a capital raising from Australian-based investors or defence of a takeover approach or scheme of arrangement).

(e) **Termination**

Either party may terminate the Placement Mandate Letter with or without cause at any time, provided that any termination effected by a party will

only take effect upon receipt by the other party of written notice to that effect.

- (i) In the event of termination by the Company prior to completion (unless such termination results from a breach by Gleneagle), Gleneagle will be entitled to:
 - (A) all fees, costs and expenses it has incurred up until such termination;
 - (B) a break fee equal to \$50,000 (**Break Fee**); and
 - (C) in the event termination occurs prior to completion of the Placement, an additional Break Fee equal to 50% of the Success Fees (excluding options),

provided that the Company will not be obliged to pay the amounts set out in paragraph (B) and (C) above in the event that Gleneagle is unable or unwilling to procure investors in respect of the Placement within 30 days following the date of the Placement Mandate Letter.

The Placement Mandate Letter also contains such other terms as are considered standard for an agreement of this nature (including representations and warranties, indemnities, and confidentiality provisions).

SCHEDULE 5 – TERMS AND CONDITIONS OF PERFORMANCE SHARES

(a) **Performance Shares**

Each Performance Share is a share in the capital of Company.

(b) **General Meetings**

The Performance Shares shall confer on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to Shareholders. Holders have the right to attend general meetings of the Company.

(c) **No Voting Rights**

The Performance Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of the Company, subject to any voting rights under the *Corporations Act 2001* (Cth) or the ASX Listing Rules where such rights cannot be excluded by these terms.

(d) **No Dividend Rights**

The Performance Shares do not entitle the Holder to any dividends.

(e) **No Rights on Winding Up**

Upon winding up of the Company, the Performance Shares may not participate in the surplus profits or assets of the Company.

(f) **Transfer of Performance Shares**

The Performance Shares are not transferable.

(g) **Reorganisation of Capital**

In the event that the issued capital of the Company is reconstructed, all rights of a Holder of Performance Shares will be changed to the extent necessary to comply with the ASX Listing Rules at the time of reorganisation provided that, subject to compliance with the ASX Listing Rules, following such reorganisation the economic and other rights of the Holder are not diminished or terminated.

(h) **Application to ASX**

The Performance Shares will not be quoted on ASX. Upon conversion of the Performance Shares into Shares in accordance with these terms, the Company must, within seven (7) days after the conversion, apply for and use its best efforts to obtain the official quotation on ASX of the Shares issued from the conversion.

(i) **Participation in Entitlements and Bonus Issues**

Subject always to the rights under item (g) (Reorganisation of Capital), Holders of Performance Shares will not be entitled to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

(j) **Amendments required by ASX**

The terms of the Performance Shares may be amended as necessary by the Company's board in order to comply with the ASX Listing Rules, or any directions

of ASX regarding the terms provided that, subject to compliance with the ASX Listing Rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.

(k) **No Other Rights**

The Performance Shares give the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

Conversion of the Performance Shares

(a) **Milestones**

The Performance Shares will, subject to paragraphs 0 and (f), automatically convert into Shares upon satisfaction of any one of the following milestones:

- (i) **(Class A):** 1,500,000 Class A Performance Shares on the Company announcing to ASX the achievement of an annual profit before tax of US\$1.47 million in any of the financial year's FY 2021, FY 2022 and FY 2023;
- (ii) **(Class B):** 1,500,000 Class B Performance Shares on the Company announcing to ASX the achievement of an annual profit before tax of US\$2 million in any of the financial year's FY 2021, FY 2022 and FY 2023;
- (iii) **(Class C):** 1,500,000 Class C Performance Shares on the Company achieving a 30-day VWAP share price trading on ASX of 10 cents to be tested in June of FY 2021, FY 2022 and FY 2023; and
- (iv) **(Class D):** 1,500,000 Class D Performance Shares on the Company achieving a 30-day VWAP share price trading on ASX of 20 cents to be tested in June of FY 2021, FY 2022 and FY 2023;

(each referred to as a **Milestone**).

A Performance Share will only be able to be converted into a Share by a holder subject to the achievement of the Milestones, after the Company's auditor verifies that, based on the Company's audited accounts:

- (i) the relevant revenue Milestone has been met; and
- (ii) the revenue generated to meet the relevant revenue Milestone is directly attributable to the business of the Company.

(b) **Conversion on change of control**

Subject to paragraphs (c) and (f) and notwithstanding the relevant Milestone has not been satisfied, upon the occurrence of either:

- (i) a takeover bid under Chapter 6 of the Corporations Act 2001 (Cth) having been made in respect of the Company having received acceptances for more than 50% of the Company's shares on issue and being declared unconditional by the bidder;
- (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies; or

- (iii) a sale, lease, transfer, conveyance or other disposition, in one or a series of related transactions, of all or substantially all of the assets of Company, taken as a whole,

the Performance Shares will convert into an equivalent number of Shares. The conversion will be completed on a pro rata basis across each class of Performance Shares then on issue as well as on a pro rata basis for each Holder.

(c) **Conversion of Performance Shares**

Subject to paragraphs (i), (ii) and (f) below, in the event a Milestone is satisfied, the Performance Shares held by the Holder automatically will convert into an equal number of Shares. If:

- (i) the conversion of the Performance Shares into Shares would result in the Holder being in contravention of section 606(1) of the Corporations Act, then the conversion of such number of Performance Shares that would cause the contravention will be deferred (Deferred Conversion Performance Shares) until such time or times thereafter the conversion would not result in such a breach; and
- (ii) the above paragraph (i) applies, the Company shall as soon as practicable call a meeting of its shareholders for the purposes of obtaining approval under item 7, section 611 of the Corporations Act for the conversion of the Deferred Conversion Performance Shares into the Shares.

(d) **No Conversion if Milestone not Achieved**

If the relevant Milestone is not achieved by the required date, then all Performance Shares held by each Holder the subject of that Milestone shall convert into 1 Share.

(e) **After Conversion**

The Shares issued on conversion of the Performance Shares will, as and from 5.00pm (WST) on the date of issue, rank equally with and confer rights identical with all other Shares then on issue and application will be made by the Company to ASX for official quotation of the Shares issued upon conversion, in accordance with item 1(h) (Application to ASX) above.

(f) **Conversion Procedure**

Within ten (10) Business Days following the date that a Milestone is met:

- (i) the Company shall issue to the Holder as conversion of the Performance Shares, such number of Shares as is determined using the following formula:

$$A = B - (B \times C)$$

Where:

- A = The number of Shares to be issued to the Holder upon conversion of the Performance Shares.
- B = The number of Performance Shares in relation to which a Milestone has been met.

C = The combined applicable domestic and/or foreign tax withholding rate required to satisfy the Holder's applicable domestic and/or foreign income and payroll tax obligations with respect to the Shares described as "A" in this formula as determined by the Holder, taking into account the Share Value (as determined in accordance with the formula set out in paragraph (f)(ii) below) and communicated in writing to the Company within five (5) Business Days of the relevant Milestone having been met in relation to the Performance Shares, provided each rate comprising such combined rate shall not be less than the minimum applicable domestic and/or foreign tax withholding rate as required by law as of the date that the relevant Milestone is met.

- (ii) the Company shall remit or cause to be remitted to the appropriate taxing authorities the Company's share of any payroll taxes with respect to the Shares issuable to the Holder upon conversion of the Performance Shares and the amount determined in accordance with the formula below:

$$D = E \times F$$

Where:

D = The amount to be paid by the Company.

E = The number of Performance Shares in relation to which a Milestone has been met less the number of Shares to be issued as determined under paragraph (f)(i) above.

F = The volume weighted average price of Company Shares for the 15 trading days immediately prior to the date that the relevant Milestone has been met.

- (iii) the Company and its affiliates, and the Holder, shall file all tax returns and information returns, and pay all taxes, except as required by law; and
- (iv) the Company will issue the Holder with a new holding statement for the Shares issued to the Holder upon conversion of the Performance Shares (as determined in accordance with paragraph (e)(i) above).

SCHEDULE 6 – TERMS AND CONDITIONS OF GLENEAGLE OPTIONS

- (a) Subject to section (g), each Option entitles the holder to one fully paid ordinary share (**Share**) in the capital of the Company.
- (b) Each Option will expire at 5:00 pm (AEST) on the date that is four (4) years from the issue date (**Expiry Date**).
- (c) Subject to section (h), the exercise price of the Options is \$0.135 per Option (**Exercise Price**).
- (d) To exercise the Options, the Option holder must duly complete, execute and deliver to the Company an exercise notice in the form attached as Exhibit A (**Notice of Exercise**). Options may be exercised by the Option holder in whole or in part by completing the Notice of Exercise and forwarding the same to the Secretary of the Company to be received prior to the Expiry Date. The Notice of Exercise must, among other things, state the number of Options exercised and the consequent number of Shares to be issued. The Notice of Exercise by an Option holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of the Exercise Price per Option.
- (e) All Shares issued upon the exercise of the Options will rank equally in all respects with the Company's then issued Shares.
- (f) There are no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues or pro-rata issues of capital to shareholders during the term of the Options. The Option holder has no rights to a change in the exercise price of the Option or a change to the number of underlying securities over which the Option can be exercised other than in relation to a Bonus Issue (defined below).
- (g) If there is a bonus issue (**Bonus Issue**) to the Company's shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue (**Bonus Shares**). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue, and upon issue will rank equally in all respects with the other Shares on issue as at the date of issue of the Bonus Shares.
- (h) In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, all rights of the Option holder will be reconstructed (as appropriate) in accordance with the Listing Rules.
- (i) The Options are transferable, subject at all times to the Company's constitution, any transfer or escrow restrictions imposed by ASX or under applicable Australian securities laws, including the Corporations Act 2001 (Cth).
- (j) The Company will:
 - (i) apply for official quotation on ASX of the Shares issued on the conversion of an Option in accordance with Listing Rule 2.8;
 - (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, it must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance

with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (iii) procure the issue and delivery of a holding statement to the Investor as soon as practicable following the issue of the Shares issued on the conversion of the Options.
- (k) Some or all of the Options may be exercised at any one time before the Expiry Date.

SCHEDULE 7 – MATERIAL TERMS OF EGP CAPITAL UNDERWRITING AGREEMENT

The Company entered an underwriting agreement (**Underwriting Agreement**) with EGP Capital Pty Ltd (ACN 145 120 681) (**Underwriter**) in relation to a proposed placement by the Company to sophisticated and professional investors to be issued in two tranches (**Placement**).

The material terms of the Underwriting Agreement are summarised below:

(a) **Underwriting Commitment**

The Underwriter has agreed to partially underwrite the Placement. The maximum number of Placement Shares and the maximum total subscription funds committed by the Underwriter is set out below:

- (i) Underwritten Amount: \$1,500,000.
- (ii) Underwritten Securities: 11,111,111 Placement Shares (at a price of \$0.135 per Share).

The Placement Shares issued under Tranche 1 and Tranche 2 of the Placement will be issued proportionately to all investors, including the Underwriter, under the Placement in accordance with their respective applications for Placement Shares.

(b) **Underwriting Fee**

The Company agrees to pay to the Underwriter an underwriting fee equal to 2% (plus GST) of the Underwriting Commitment payable in cash.

(c) **Minimum Subscription and Allocation**

The Underwriter agrees to subscribe for a minimum of 7,000,000 Placement Shares at \$0.135 per share for a total of \$945,000 under the Placement (**Minimum Subscription**). The number of Placement Shares the Underwriter will be required to make valid applications for will not:

- (i) exceed the Underwriter's Underwriting Commitment; or
- (ii) be less than the Minimum Subscription.

(d) **Scale back**

The Underwriter acknowledges that the Company has the right to scale back the Underwriter's Underwriting Commitment at its discretion, subject to the Minimum Subscription amount.

(e) **Termination**

The Underwriter may terminate its obligations under the Underwriting Agreement if:

- (i) **ASX listing:** ASX does not give approval for the Shares to be listed for official quotation, or if approval is granted, the approval is subsequently withdrawn, qualified or withheld;

- (ii) **Index changes:** the All Ordinaries Index or the S&P/ASX Small Ordinaries Index as published by ASX is at any time after the date of this Letter Agreement is 20% or more below its respective level on any three (3) consecutive trading days prior to the date of this Letter Agreement;
- (iii) **Return of capital or financial assistance:** the Company or a Related Body Corporate takes any steps to undertake a proposal contemplated under section 257A of the Corporations Act or passes or takes any steps to pass a resolution under section 260B of the Corporations Act, without the prior written consent of the Underwriter;
- (iv) **Alteration of capital structure or Constitution:** the Company alters its Constitution without the prior written consent of the Underwriter such consent not to be unreasonably withheld;
- (v) **Default:** the Company is in material default of any of the terms and conditions of this Letter Agreement or breaches any warranty or covenant given or made by it under the Letter Agreement (in any material respect);
- (vi) **Event of Insolvency:** an Event of Insolvency (as defined in this Letter Agreement) occurs in respect of it or a Related Body Corporate;
- (vii) **Prescribed Occurrence:** a Prescribed Occurrence (as defined in this Letter Agreement) occurs, other than as disclosed to the market prior to the date of this Letter Agreement;
- (viii) **Suspension of debt payments:** the Company suspends payment of its debts generally;
- (ix) **Takeover or Scheme of Arrangement:** a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to the Company and is recommended for approval by a majority of independent directors of the Company;
- (x) **adverse change:** any adverse change occurs which materially impacts or is likely to impact the assets, operational or financial position of the Company or a Related Body Corporate (including but not limited to an administrator, receiver, receiver and manager, trustee or similar official being appointed over any of the assets or undertaking of the Company or a Related Body Corporate);
- (xi) **investigation:** any person is appointed under any legislation in respect of companies to investigate the affairs of the Company or a Related Body Corporate;
- (xii) **extended Force Majeure:** a Force Majeure which prevents or delays an obligation under this Letter Agreement, lasting in excess of 2 weeks occurs;
- (xiii) **indictable offence:** a director of the Company or any Related Body Corporate is charged with an indictable offence; or
- (xiv) **banking facilities:** the Company's bankers terminating or issuing any demand or penalty notice or amending the terms of any existing facility or claiming repayment or accelerated repayment of any facility or requiring additional security for any existing facility.

The Underwriting Agreement otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties).

SCHEDULE 8 – MATERIAL TERMS OF ALTOR CAPITAL UNDERWRITING AGREEMENT

The Company entered an underwriting agreement (**Underwriting Agreement**) with Altor Capital Management Pty Ltd (ACN 616 053 653) (**Underwriter**) in relation to a proposed placement by the Company to sophisticated and professional investors to be issued in two tranches (**Placement**).

The material terms of the Underwriting Agreement are summarised below:

(a) **Underwriting Commitment**

The Underwriter has agreed to partially underwrite the Placement. The maximum number of Placement Shares and the maximum total subscription funds committed by the Underwriter is set out below:

- (i) Underwritten Amount: \$500,000.
- (ii) Underwritten Securities: 3,703,704 Placement Shares (at a price of \$0.135 per Share).

The Placement Shares issued under Tranche 1 and Tranche 2 of the Placement will be issued proportionately to all investors, including the Underwriter, under the Placement in accordance with their respective applications for Placement Shares.

(b) **Underwriting Fee**

The Company agrees to pay to the Underwriter an underwriting fee equal to 2% (plus GST) of the Underwriting Commitment payable in cash.

(c) **Minimum Subscription and Allocation**

The Underwriter agrees to subscribe for a minimum of 2,592,592 Placement Shares at \$0.135 per share for a total of \$349,999.92 under the Placement (**Minimum Subscription**). The number of Placement Shares the Underwriter will be required to make valid applications for will not:

- (i) exceed the Underwriter's Underwriting Commitment; or
- (ii) be less than the Minimum Subscription.

(d) **Scale back**

The Underwriter acknowledges that the Company has the right to scale back the Underwriter's Underwriting Commitment at its discretion, subject to the Minimum Subscription amount.

(e) **Termination**

The Underwriter may terminate its obligations under the Underwriting Agreement if:

- (i) **ASX listing:** ASX does not give approval for the Shares to be listed for official quotation, or if approval is granted, the approval is subsequently withdrawn, qualified or withheld;

- (ii) **Index changes:** the All Ordinaries Index or the S&P/ASX Small Ordinaries Index as published by ASX is at any time after the date of this Letter Agreement is 20% or more below its respective level on any three (3) consecutive trading days prior to the date of this Letter Agreement;
- (iii) **Return of capital or financial assistance:** the Company or a Related Body Corporate takes any steps to undertake a proposal contemplated under section 257A of the Corporations Act or passes or takes any steps to pass a resolution under section 260B of the Corporations Act, without the prior written consent of the Underwriter;
- (iv) **Alteration of capital structure or Constitution:** the Company alters its Constitution without the prior written consent of the Underwriter such consent not to be unreasonably withheld;
- (v) **Default:** the Company is in material default of any of the terms and conditions of this Letter Agreement or breaches any warranty or covenant given or made by it under the Letter Agreement (in any material respect);
- (vi) **Event of Insolvency:** an Event of Insolvency (as defined in this Letter Agreement) occurs in respect of it or a Related Body Corporate;
- (vii) **Prescribed Occurrence:** a Prescribed Occurrence (as defined in this Letter Agreement) occurs, other than as disclosed to the market prior to the date of this Letter Agreement;
- (viii) **Suspension of debt payments:** the Company suspends payment of its debts generally;
- (ix) **Takeover or Scheme of Arrangement:** a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to the Company and is recommended for approval by a majority of independent directors of the Company;
- (x) **adverse change:** any adverse change occurs which materially impacts or is likely to impact the assets, operational or financial position of the Company or a Related Body Corporate (including but not limited to an administrator, receiver, receiver and manager, trustee or similar official being appointed over any of the assets or undertaking of the Company or a Related Body Corporate);
- (xi) **investigation:** any person is appointed under any legislation in respect of companies to investigate the affairs of the Company or a Related Body Corporate;
- (xii) **extended Force Majeure:** a Force Majeure which prevents or delays an obligation under this Letter Agreement, lasting in excess of 2 weeks occurs;
- (xiii) **indictable offence:** a director of the Company or any Related Body Corporate is charged with an indictable offence; or
- (xiv) **banking facilities:** the Company's bankers terminating or issuing any demand or penalty notice or amending the terms of any existing facility or claiming repayment or accelerated repayment of any facility or requiring additional security for any existing facility.

The Underwriting Agreement otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties).



LODGE YOUR PROXY APPOINTMENT ONLINE



ONLINE PROXY APPOINTMENT

www.advancedshare.com.au/investor-login



MOBILE DEVICE PROXY APPOINTMENT

Lodge your proxy by scanning the QR code below, and enter your registered postcode.

It is a fast, convenient and a secure way to lodge your vote.

2020 ANNUAL GENERAL MEETING PROXY FORM

I/We being shareholder(s) of Scout Security Limited and entitled to attend and vote hereby:

APPOINT A PROXY

☐ The Chair of the Meeting

OR

☐



PLEASE NOTE: If you leave the section blank, the Chair of the Meeting will be your proxy.

or failing the individual(s) or body corporate(s) named, or if no individual(s) or body corporate(s) named, the Chair of the Meeting, as my/our proxy to act generally at the Meeting 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 The offices of Advanced Share Registry, 110 Stirling Highway, Nedlands WA 6009 on 23 December 2020 at 10.30AM AWST** and at any adjournment or postponement of that Meeting.

Chair's voting intentions in relation to undirected proxies: The Chair intends to vote all undirected proxies in favour of all Resolutions. In exceptional circumstances, the Chair may change his/her voting intentions on any Resolution. In the event this occurs, an ASX announcement will be made immediately disclosing the reasons for the change.

Chair authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chair of the Meeting as my/our proxy (or the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1 & 15 (except where I/we have indicated a different voting intention below) even though these resolutions are connected directly or indirectly with the remuneration of a member(s) of key management personnel, which includes the Chair.

VOTING DIRECTIONS

Resolutions

	For	Against	Abstain*
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Election of Director – Mr Martin Pretty	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Director – Mr Anthony Brown	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Re-election of Director – Mr David Shapiro	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Ratification of prior issue of securities under Convertible Note Facility – Initial Instalment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Ratification of prior issue of Options – Broker Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Approval to issue Options – T1 Investor Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Issue of securities to related party – Jarvisbrown	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 Issue of securities to related party – Equitable Investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10 Ratification of prior issue of Placement Shares – Tranche 1(LR 7.1)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11 Ratification of prior issue of Placement Shares – Tranche 1(LR 7.1A)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12 Approval to Issue Placement Shares – Tranche 2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13 Approval to issue Options – Gleneagle Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14 Creation of new class of Shares – Performance Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15 Issue of Performance Shares to Mr Daniel Roberts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16 Approval of 7.1A Mandate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17 Appointment of Auditor at AGM to fill vacancy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



* 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.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

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

Email Address



Please tick here to agree to receive communications sent by the Company via email. This may include meeting notifications, dividend remittance, and selected announcements.

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

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

CHANGE OF ADDRESS

This form shows your address as it appears on Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes.

APPOINTMENT OF A PROXY

If you wish to appoint the Chair as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chair, please write that person's name in the box in Step 1. A proxy need not be a shareholder of the Company. A proxy may be an individual or a body corporate.

DEFAULT TO THE CHAIR OF THE MEETING

If you leave Step 1 blank, or if your appointed proxy does not attend the Meeting, then the proxy appointment will automatically default to the Chair of the Meeting.

VOTING DIRECTIONS – PROXY APPOINTMENT

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

PROXY VOTING BY KEY MANAGEMENT PERSONNEL

If you wish to appoint a Director (other than the Chair) or other member of the Company's key management personnel, or their closely related parties, as your proxy, you must specify how they should vote on Resolutions 1 & 15, by marking the appropriate box. If you do not, your proxy will not be able to exercise your vote for Resolutions 1 & 15.

PLEASE NOTE: If you appoint the Chair as your proxy (or if they are appointed by default) but do not direct them how to vote on a resolution (that is, you do not complete any of the boxes "For", "Against" or "Abstain" opposite that resolution), the Chair may vote as they see fit on that resolution.

APPOINTMENT OF A SECOND PROXY

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

To appoint a second proxy you must:

- on each Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

COMPLIANCE WITH LISTING RULE 14.11

In accordance with Listing Rule 14.11, if you hold shares on behalf of another person(s) or entity/entities or you are a trustee, nominee, custodian or other fiduciary holder of the shares, you are required to ensure that the person(s) or entity/entities for which you hold the shares are not excluded from voting on resolutions where there is a voting exclusion. Listing Rule 14.11 requires you to receive written confirmation from the person or entity providing the voting instruction to you and you must vote in accordance with the instruction provided.

By lodging your proxy votes, you confirm to the company you are in compliance with Listing Rule 14.11.

CORPORATE REPRESENTATIVES

If a representative of a nominated corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A Corporate Representative Form may be obtained from Advanced Share Registry.

SIGNING INSTRUCTIONS ON THE PROXY FORM

Individual:

Where the holding is in one name, the security holder must sign.

Joint Holding:

Where the holding is in more than one name, all of the security holders should sign.

Power of Attorney:

If you have not already lodged the Power of Attorney with Advanced Share Registry, please attach the original or a certified photocopy of the Power of Attorney to this form when you return it.

Companies:

Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

LODGE YOUR PROXY FORM

This Proxy Form (and any power of attorney under which it is signed) must be received at an address given below by 10.30AM AWST on 21 December 2020, being not later than 48 hours before the commencement of the Meeting. Proxy Forms received after that time will not be valid for the scheduled Meeting.



ONLINE PROXY APPOINTMENT

www.advancedshare.com.au/investor-login



BY MAIL

Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009; or
PO Box 1156, Nedlands WA 6909



BY FAX

+61 8 6370 4203



BY EMAIL

admin@advancedshare.com.au



IN PERSON

Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009



ALL ENQUIRIES TO

Telephone: +61 8 9389 8033