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**DIGITALX LIMITED**

**ACN 009 575 035**

**NOTICE OF ANNUAL GENERAL MEETING**

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Notice is given that the Meeting will be held at:

**TIME:** 10.00am WST

**DATE:** 22 November 2018

**PLACE:** The Blockchain Centre  
Suite 1, Level 2  
66 Kings Park Road  
West Perth WA 6005

***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 4.00pm WST on 20 November 2018.***

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2018 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

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#### 2. 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 2018."*

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

**Voting Prohibition Statement:** A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (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.

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:

- (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:
  - (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.

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#### 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR PETER RUBINSTEIN

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 9.1(e) of the Constitution and for all other purposes, Mr Peter Rubinstein, a Director, retires by rotation, and being eligible, is re-elected as a Director."*

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#### 4. RESOLUTION 3 – APPROVAL TO ISSUE PERFORMANCE RIGHTS TO CEO

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

*"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 9,000,000 Performance Rights to Mr Leigh Travers (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Travers (or his nominee) or any of their associates (**Resolution 3 Excluded Party**). However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 3 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:** A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (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.

Provided the Chair is not a Resolution 5 Excluded Party, the above prohibition does not apply if:

- (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.

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## 5. RESOLUTION 4 – ISSUE OF OPTIONS TO DIRECTOR – MR XUE SAMUEL LEE

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 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 4,500,000 Options to Mr Xue Samuel Lee (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Lee (or his nominee) or any of their associates (**Resolution 4 Excluded Party**). However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 4 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:** A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (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.

Provided the Chair is not a Resolution 4 Excluded Party, the above prohibition does not apply if:

- (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.

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## 6. RESOLUTION 5 – ISSUE OF OPTIONS TO DIRECTOR – MR PETER RUBINSTEIN

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 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 4,500,000 Options to Mr Peter Rubinstein (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Rubinstein (or his nominee) or any of their associates (**Resolution 5 Excluded Party**). However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 5 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:** A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (c) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (d) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 5 Excluded Party, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) 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.

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## 7. RESOLUTION 6 – NON-EXECUTIVE DIRECTORS' REMUNERATION

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

*“That, for the purposes of clause 9.3 of the Constitution, ASX Listing Rule 10.17 and for all other purposes, the maximum total aggregate amount of fees payable to non-executive Directors be set at \$300,000.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of a Director or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement** A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (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.

However, the above prohibition does not apply if:

- (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.

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## 8. RESOLUTION 7 – APPROVAL OF 10% PLACEMENT CAPACITY

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

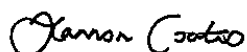
*"That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule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

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of 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) or an associate of that person (or those persons). However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**Dated: 3 October 2018**

**By order of the Board**



**Shannon Coates  
Company Secretary**

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### **Voting in person**

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

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### **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 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 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 changes to the Corporations Act made in 2011 mean 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.

**Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 9 9322 1587.**

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## EXPLANATORY STATEMENT

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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.

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### 1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, 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 2018 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 [www.digitalx.com](http://www.digitalx.com).

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### 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.

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.

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### 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR PETER RUBINSTEIN

#### 3.1 General

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

Mr Peter Rubinstein, who has served as a director since 15 September 2017, retires by rotation and seeks re-election.

### **3.2 Qualifications and other material directorships**

Peter has over 20 years' experience in early stage technology commercialisation through to public listings on the ASX. Moving from Corporate law at Mallesons to in-house counsel and new projects manager at Montech the commercial arm of Monash University, Peter has had significant exposure to the creation, launch and management of a diverse range of technology companies including Biotech, Digital Payments and renewable energy. Peter is the Chairman of EasyPark ANZ an early adopter in the "Smart City" opportunities for digital parking.

### **3.3 Independence**

If elected the board does not consider Mr Peter Rubinstein will be an independent director.

### **3.4 Board recommendation**

The Board supports the re-election of Mr Peter Rubinstein and recommends that Shareholders vote in favour of Resolution 2.

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## **4. RESOLUTION 3 – APPROVAL TO ISSUE PERFORMANCE RIGHTS TO CEO**

### **4.1 General**

The Company has agreed, subject to obtaining Shareholder approval, to issue 9,000,000 Performance Rights (**Performance Rights**) to the Company's CEO and Managing Director, Mr Leigh Travers (or his nominee) on the terms and conditions set out below. The Performance Rights, and the hurdles required to enable those Performance Rights to vest are intended to align the CEO's work to develop the Company's business with the interests of the Company's Shareholders.

Resolution 3 seeks Shareholder approval for the grant of the Performance Rights to Mr Travers (or his nominee).

### **4.2 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 grant of Performance Rights constitutes giving a financial benefit and Mr Travers is a related party of the Company by virtue of being a Director.

The Directors (other than Mr Travers 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 grant of Performance Rights because the grant is intended as an incentive as part of Mr Traver's

remuneration package to align his interests with those of Shareholders, having been negotiated and agreed by the Directors without input from Mr Travers.

#### **4.3 ASX Listing Rule 10.14**

ASX Listing Rule 10.14 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

#### **4.4 Technical Information required by ASX Listing Rule 10.15**

Pursuant to and in accordance with the requirements of ASX Listing Rule 10.15, the following information is provided in relation to the proposed issue of the Performance Rights under Resolution 3:

- (a) the Performance Rights will be issued to Mr Leigh Travers, the Company's CEO and Managing Director, or to his stated nominee;
- (b) 9,000,000 Performance Rights will be issued under the Company's existing Performance Rights and Options Plan (last approved by Shareholders on 23 November 2017). The Performance Rights will vest into Shares in the Company upon the achievement of the following milestones:
  - (i) 2,000,000 Performance Rights will vest upon the Company achieving a net profit after tax (**NPAT**) of \$5,000,000 in a full financial year during the term of the Performance Rights;
  - (ii) 2,000,000 Performance Rights will vest upon the Company's Shares closing at a price equal to or greater than \$0.25 on five consecutive trading days over the term of the Performance Rights; and
  - (iii) 5,000,000 Performance Rights will vest upon the Company's Shares closing at a price equal to or greater than \$0.30 on five consecutive trading days over the term of the Performance Rights;
- (c) the Performance Rights will have a term of 5 years from the date of issue.
- (d) the Performance Rights will be issued for nil consideration, as an incentive to Mr Travers for the performance of his role as CEO, accordingly no funds will be raised from the issue of the Performance Rights. Upon the achievement of any performance milestones outlined in (b) above, no amount will be payable for the Shares to be issued to Mr Travers at that time;
- (e) the Company's Performance Rights and Options Plan was last approved on 23 November 2017. Since that time, the Company has issued the following performance Rights under the Performance Rights and Options Plan:
  - (i) 3,000,000 Performance Rights to Mr Travers, all of which have now vested upon the achievement of the specified performance milestones.



- (f) all of the existing Directors, Mr Peter Rubinstein and Mr Xue Samuel Lee, as well as Mr Travers (or their nominated entities) are entitled to participate in the Performance Rights and Options Plan. The Company does not propose offering Performance Rights to any of the other Directors at this time;
- (g) no loan will be made for the issue of the Performance Rights; and
- (h) the Performance Rights will be issued as soon as practicable after the date of the Annual General Meeting and it is intended that they will all be issued on one date, and in any event will not be issued after 12 months from the date of the Annual General Meeting.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Performance Rights as approval is being obtained under ASX Listing Rule 10.14. Accordingly, the grant of the Performance Rights under Resolution 3 will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

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## **5. RESOLUTIONS 4 AND 5 – ISSUE OF OPTIONS TO DIRECTORS**

### **5.1 General**

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 4,500,000 Options (**Related Party Options**) to each of Messrs Lee and Rubinstein (**Related Parties**) on the terms and conditions set out below.

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 grant of the Related Party Options constitutes giving a financial benefit and Messrs Lee and Rubinstein are related parties of the Company by virtue of being Directors.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Related Party Options to the Related Parties.

## 5.2 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Related Party Options:

- (a) the related parties are Messrs Lee and Rubinstein and they are related parties by virtue of being Directors;
- (b) the maximum number of Related Party Options (being the nature of the financial benefit being provided) to be granted to the Related Parties is:
  - (i) 4,500,000 Related Party Options to Mr Lee; and
  - (ii) 4,500,000 Related Party Options to Mr Rubinstein;
- (c) the Related Party Options will be granted to the Related Parties no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Related Party Options will be issued on one date;
- (d) the Related Party Options will be granted for nil cash consideration, accordingly no funds will be raised;
- (e) the Related Party Options received by each of the Related Parties will be exercisable as follows:
  - (i) 1,000,000 will be exercisable at \$0.22 on or before the date that is five years from the date of issue;
  - (ii) 1,500,000 will be exercisable at \$0.25 on or before the date that is five years from the date of issue; and
  - (iii) 2,000,000 will be exercisable at \$0.30 on or before the date that is five years from the date of issue,

And will otherwise be issued on the terms and conditions set out in terms and conditions of the Related Party Options are set out in Schedule 2;

- (f) the value of the Related Party Options and the pricing methodology is set out in Schedule 3;
- (g) the relevant interests of the Related Parties in securities of the Company are set out below:

Related Party	Shares	Options
Xue Samuel Lee	10,096,296	5,403,296 <sup>1,2,3</sup>
Peter Rubinstein	23,266,396	4,017,284 <sup>4,5</sup>

- 1 1,203,704 Options exercisable at \$0.0324 each on or before 8 September 2020.
- 2 1,400,000 Options exercisable at \$0.0324 each on or before 8 September 2019.
- 3 2,800,000 Options exercisable at \$0.0324 each on or before 18 September 2020.
- 4 3,400,000 Options exercisable at \$0.0324 each on or before 18 September 2020.
- 5 4,617,284 Options exercisable at \$0.0324 each on or before 1 September 2020.

- (h) the remuneration and emoluments from the Company to the Related Parties for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	Current Financial Year	Previous Financial Year
Xue Samuel Lee	\$36,377	\$22,453
Peter Rubinstein	\$51,533	\$25,625

- (i) if the Related Party Options granted to the Related Parties are exercised, a total of 9,000,000 Shares would be issued. This will increase the number of Shares on issue from 510,689,343 (as at the date of this Notice) to 519,689,343 (assuming that no other Options are exercised) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 1.7%, comprising 0.85% by Mr Lee and 0.85% by Mr Rubinstein.

The market price for Shares during the term of the Related Party Options would normally determine whether or not the Related Party Options are exercised. If, at any time any of the Related Party Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Related Party Options, there may be a perceived cost to the Company.

- (j) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	41 cents	9 January 2018
Lowest	5.5 cents	10 October 2017
Last	9.3cents	25 September 2018

- (k) the Board acknowledges the grant of Related Party Options to the Related Parties is contrary to Recommendation 8.3 of The Corporate Governance Principles and Recommendations with 2010 Amendments (2<sup>nd</sup> Edition) as published by The ASX Corporate Governance Council. However, the Board considers the grant of Related Party Options to the Related Parties is reasonable in the circumstances for the reason set out in paragraph (m);
- (l) the primary purpose of the grant of the Related Party Options to the Related Parties is to provide a performance linked incentive component in the remuneration package for the Related Parties to motivate and reward the performance of the Related Parties in their respective roles as Directors;
- (m) Mr Lee declines to make a recommendation to Shareholders in relation to Resolution 4 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Related Party Options in the Company should Resolution 4 be passed. However, in respect of Resolution 5, Mr Lee recommends that Shareholders vote in favour of those Resolutions for the following reasons:

- (i) the grant of Related Party Options to the Related Parties will align the interests of the Related Parties with those of Shareholders;
  - (ii) the grant of the Related Party Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow 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 the Related Parties; and
  - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Related Party Options upon the terms proposed;
- (n) Mr Rubinstein declines to make a recommendation to Shareholders in relation to Resolution 5 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Related Party Options in the Company should Resolution 5 be passed. However, in respect of Resolution 4, Mr Rubinstein recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (m);
- (o) with the exception of Messrs Lee and Rubinstein, no other Director has a personal interest in the outcome of Resolutions 4 and 5;
- (p) Mr Leigh Travers recommends that Shareholders vote in favour of Resolutions 4 and 5 for the reasons set out in paragraph (m);
- (q) in forming their recommendations, each Director considered the experience of each other Related Party, the current market price of Shares, the current market practices when determining the number of Related Party Options to be granted as well as the exercise prices and expiry date of those Related Party Options; and
- (r) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 4 and 5.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Options to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Related Party Options to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

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## **6. RESOLUTION 6 – NON-EXECUTIVE DIRECTORS' REMUNERATION**

ASX Listing Rule 10.17 provides that an entity must not increase the total aggregate amount of directors' fees payable to all of its non-executive directors without the approval of holders of its ordinary securities.

Clause 14.7 of the Constitution also requires that remuneration payable to the non-executive Directors will not exceed the sum initially set by the Constitution and subsequently increase by ordinary resolution of Shareholders in general meeting.

The maximum aggregate amount of fees payable to all of the non-executive Directors has not, to the best knowledge of the Directors, been set. Resolution 6 seeks Shareholder approval to set this amount to \$300,000.

This amount includes superannuation contributions made by the Company for the benefit of non-executive Directors and any fees which a non-executive Director agrees to sacrifice for other benefits. It does not include reimbursement of genuine out of pocket expenses, genuine "special exertion" fees paid in accordance with the Constitution, or securities issued to a non-executive Director under ASX Listing Rule 10.11 or 10.14 with approval of Shareholders.

Details of the securities which have been issued to a Non-Executive Director (or their nominees) under Listing Rule 10.11 and 10.14 with the approval of Shareholders in the past 3 years are as set out in the table below. As detailed above, subject to the passing of Resolutions 3, 4 and 5, the Company will be issuing 9,000,000 Performance Rights to the Company's CEO and Managing Director and 4,500,000 Related Party Options to the Related Parties.

Name	Date of Issue	Number and type of Security	Acquisition price	Purpose of the issue
Leigh Travers (current Director)	23/11/2017	1,000,000 Shares	Nil	Incentivise and recognition of services provided.
	23/11/2017	3,000,000 Performance Rights	Nil	Incentivise and recognition of services provided.
	16/08/2017	500,000 Shares	Nil	Incentivise and agreed as part of appointment.
	10/2/2017	500,000 Shares	\$0.05 per Share	Participation in placement.
	10/2/2017	250,000 unlisted options	Nil	Free attaching options to placement.
Toby Hicks (former Director)	23/11/2017	1,000,000 Shares	Nil	Incentivise and recognition of services provided.
	10/2/2017	300,000 Shares	\$0.05 per Share	Participation in placement.
	10/2/2017	150,000 unlisted options	Nil	Free attaching options to placement.
William Brindise (former Director)	7/02/2017	1,466,888 Shares	\$0.05 per Share	Settlement of executive services contract.

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## 7. RESOLUTION 7 – APPROVAL OF 10% PLACEMENT CAPACITY

### 7.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity (as defined below) may seek shareholder approval by special resolution passed at an annual general meeting to have the capacity to issue up to that number of Equity Securities (as defined below) equal to 10% of its issued capital (**10% Placement Capacity**)

without using that company's existing 15% annual placement capacity granted under ASX Listing Rule 7.1.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

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 \$47.5 million (based on the number of Shares on issue and the closing price of Shares on the ASX on 25 September 2018).

An Equity Security is a share, a unit in a trust, a right to a share or unit in a trust or option, an option over an issued or unissued security, a convertible security, or, any security that ASX decides to classify as an equity security.

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

As at the date of this Notice, the Company currently has one class of quoted Equity Securities on issue, being the Shares (ASX Code: DCC).

If Shareholders approve Resolution 7, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

Resolution 7 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 7 for it to be passed.

## **7.2 Technical information required by ASX Listing Rule 7.1A**

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 7:

### **(a) Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX 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; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

### **(b) Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

**(10% Placement Capacity Period).**

**(c) Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 7 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, 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 ASX Listing Rule 7.1A(2), on the basis of the market price of Shares and the number of Equity Securities on issue as at 25 September 2018.

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 10% Placement Capacity.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	\$0.047 50% decrease in Issue Price	\$0.093 Issue Price	\$0.014 50% increase in Issue Price
510,689,343 (Current Variable A)	Shares issued - 10% voting dilution	51,068,934 Shares	51,068,934 Shares	51,068,934 Shares
	Funds raised	\$2,400,240	\$4,749,411	\$7,149,650
766,034,015 (50% increase in Variable A)	Shares issued - 10% voting dilution	76,603,402 Shares	76,603,402 Shares	76,603,402 Shares
	Funds raised	\$3,600,360	\$7,124,116	\$10,724,476
1,027,378,686 (100% increase in Variable A)	Shares issued - 10% voting dilution	102,737,868 Shares	102,737,868 Shares	102,737,868 Shares
	Funds raised	\$4,828,680	\$9,554,622	\$14,383,302

\*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:**

1. There are currently 510,689,344 Shares on issue.
2. The issue price set out above is the closing price of the Shares on the ASX on 25 September 2018.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
6. 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.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. 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%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, 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.

**(d) Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for ongoing working capital or costs associated with any new acquisitions or new undertakings that the Company identifies that are consistent with its existing business; or
- (ii) as non-cash consideration for the acquisition of new businesses or opportunities consistent with the Company's present business and operations in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

**(e) Allocation policy under the 10% Placement Capacity**

The recipients of the Equity Securities to be issued under the 10% Placement Capacity 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 10% Placement Capacity, 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 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).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

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

The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 23 November 2017 (**Previous Approval**).

The Company has not issued any Equity Securities pursuant to the Previous Approval.

During the 12 month period preceding the date of the Meeting, being on and from 23 November 2017, the Company otherwise issued a total of 46,745,968 Shares, 3,000,000 Performance Rights (which were subsequently converted to Shares) and 8,800,000 Options which represents approximately 10.2% of the total diluted number of Equity Securities on issue in the Company on 23 November 2017, which was 543,266,297.

Further details of the issues of Equity Securities by the Company during the 12 month period preceding the date of the Meeting are set out in Schedule 1.

(g) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

### **7.3 Voting Exclusion**

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 7.

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## GLOSSARY

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**10% Placement Capacity** has the meaning given in Section 7 of this Explanatory Statement.

**\$** means Australian dollars.

**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.

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

**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 DigitalX Limited (ACN 009 575 035).

**Constitution** means the Company's constitution.

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

**Directors** means the current directors of the Company.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Eligible Entity** means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

**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.

**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.

**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 with the terms and conditions set out in Schedule 2.

**Optionholder** means a holder of an Option or Related Party Options, as the context requires.

**Ordinary Securities** has the meaning set out in the ASX Listing Rules.

**Proxy Form** means the proxy form accompanying the Notice.

**Related Party Option** means an Option granted pursuant to Resolutions 4 and 5 with the terms and conditions set out in Schedule 2.

**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 2018.

**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.

**Variable A** means "A" as set out in the formula in ASX Listing Rule 7.1A(2).

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

## SCHEDULE 1 – ISSUES OF EQUITY SECURITIES SINCE 25 NOVEMBER 2017

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) <sup>1</sup>	Form of consideration
Issue – 23/11/17  Appendix 3B – 23/11/17	2,000,000	Shares <sup>2</sup>	Shares issued to Directors Messrs Leigh Travers and Toby Hicks, as approved by Shareholders on 23 November 2017.	Nil cash consideration	Shares issued to Directors of the Company in recognition of their efforts, therefore no funds were raised from the issue.  Current value = \$186,000
Issue – 23/11/17  Appendix 3B – 23/11/17	3,000,000	Performance Rights <sup>3</sup>	Performance Rights issued to Director Leigh Travers, as approved by Shareholders on 23 November 2017.	Nil cash consideration	Performance Rights issued to a Director of the Company, as an incentive, therefore no funds were raised from the issue.  Current value = N/A as all have converted to Shares.
Issue – 27/11/17  Appendix 3B – 27/11/17	9,075,000	Shares <sup>2</sup>	Holders of unquoted options.	375,000 Shares were issued at \$0.08 per Share, being a 65.22% discount to the market price; and  8,700,000 Shares were issued at \$0.0324 per Share, being an 85.92% discount to the market price.	Shares issued on conversion of unquoted options, raising a total of \$311,880 of which the majority, if not all, remains unexpended.
Issue – 1/12/17  Appendix 3B – 1/12/17	1,700,000	Shares <sup>2</sup>	Holder of unquoted options and Director Leigh Travers, on conversion of Performance Rights	700,000 Shares were issued at \$0.08 per Share, being a 62.80% discount to the market price; and  1,000,000 Shares were issued for nil consideration.	700,000 Shares issued on conversion of unquoted options, raising a total of \$56,000 of which the majority, if not all, remains unexpended.  1,000,000 Shares were issued to a Director of the Company, on conversion of Performance Rights, therefore no funds were raised from the issue.  Current value = \$93,000
Issue – 12/12/17  Appendix 3B – 12/12/17	1,460,000	Shares <sup>2</sup>	Holder of unquoted options and Employees of the Company	160,000 Shares were issued at \$0.08 per Share, being a 66.67% discount to the market price; and  1,300,000 Shares were issued for nil consideration.	160,000 Shares issued on conversion of unquoted options, raising a total of \$12,800 of which the majority, if not all, remains unexpended.  1,300,000 Shares were issued to employees of the Company in recognition of their efforts and contribution to the Company, therefore no funds were raised from the issue.  Current value = \$120,900
Issue – 28/12/17  Appendix 3B – 28/12/17	685,000	Shares <sup>2</sup>	Holder of unquoted options	Shares were issued at \$0.08 per Share, being a 77.47% discount to the market price.	Shares issued on conversion of unquoted options, raising a total of \$54,800 of which the majority, if not all, remains unexpended.

Issue – 9/01/18 Appendix 3B – 9/01/18	281,914	Shares <sup>2</sup>	Holder of unquoted options	Shares were issued at \$0.08 per Share, being an 80.49% discount to the market price.	Shares issued on conversion of unquoted options, raising a total of \$22,553 of which the majority, if not all, remains unexpended.
Issue – 19/01/18 Appendix 3B – 19/01/18	4,220,000	Shares <sup>2</sup>	Holder of unquoted options	Shares were issued at \$0.08 per Share, being a 74.20% discount to the market price.	Shares issued on conversion of unquoted options, raising a total of \$337,600 of which the majority, if not all, remains unexpended.
Issue – 25/01/18 Appendix 3B – 25/01/18	595,000	Shares <sup>2</sup>	Holder of unquoted options	Shares were issued at \$0.08 per Share, being a 75.39% discount to the market price.	Shares issued on conversion of unquoted options, raising a total of \$47,600 of which the majority, if not all, remains unexpended.
Issue – 2/02/18 Appendix 3B – 2/02/18	215,000	Shares <sup>2</sup>	Holder of unquoted options	Shares were issued at \$0.08 per Share, being a 67.35% discount to the market price.	Shares issued on conversion of unquoted options, raising a total of \$17,200 of which the majority, if not all, remains unexpended.
Issue – 16/02/18 Appendix 3B – 16/02/18	517,500	Shares <sup>2</sup>	Holder of unquoted options	Shares were issued at \$0.08 per Share, being a 71.43% discount to the market price.	Shares issued on conversion of unquoted options, raising a total of \$41,400 of which the majority, if not all, remains unexpended.
Issue – 1/03/18 Appendix 3B – 1/03/18	1,000,000	Shares <sup>2</sup>	Director Leigh Travers, on conversion of Performance Rights	Shares were issued for nil consideration.	Shares were issued to a Director of the Company, on conversion of Performance Rights, therefore no funds were raised from the issues.  Current value = \$93,000
Issue – 14/03/18 Appendix 3B – 14/03/18	246,914	Shares <sup>2</sup>	Holder of unquoted options	Shares were issued at \$0.08 per Share, being a 67.34% discount to the market price.	Shares issued on conversion of unquoted options, raising a total of \$19,531 of which the majority, if not all, remains unexpended.
Issue – 11/04/18 Appendix 3B – 11/04/18	925,925	Shares <sup>2</sup>	Holder of unquoted options	Shares were issued at \$0.0324 per Share, being an 80.95% discount to the market price.	Shares issued on conversion of unquoted options, raising a total of \$29,999.97 of which the majority, if not all, remains unexpended.
Issue – 5/07/18 Appendix 3B – 5/07/18	1,000,000	Shares <sup>2</sup>	Director Leigh Travers, on conversion of Performance Rights	Shares were issued for nil consideration.	1,000,000 Shares issued to a Director of the Company, on conversion of Performance Rights, therefore no funds were raised from the issue.  Current value = \$93,000
Issue – 7/08/18 Appendix 3B – 7/08/18	3,086,420	Shares <sup>2</sup>	Holder of unquoted options	Shares were issued at \$0.0324 per Share, being a 73% discount to the market price.	Shares issued on conversion of unquoted options, raising a total of \$100,000 of which the majority, if not all, remains unexpended.

Issue – 18/09/18  Appendix 3B – 18/09/18	19,737,295	Shares <sup>2</sup>	Holders of Convertible Notes and Employees of the Company.	16,296,295 Shares were issued at \$0.027 per Share, being a 75.46% discount to the market price; and  3,441,000 Shares were issued for nil consideration.	16,296,295 Shares issued on conversion of convertible notes which raised a total of \$440,000 of which the majority, if not all, remains unexpended.  3,441,000 Shares were issued to employees of the Company in recognition of their efforts and contribution to the Company, therefore no funds were raised from the issue.  Current value = \$323,013
Issue – 18/09/18  Appendix 3B – 18/09/18	8,800,000	Unlisted options <sup>4</sup>	Convertible Note Holders	Options issued for nil consideration.	Options issued as incentive options to holders of convertible notes, therefore no funds were raised from the issue.  Current value = \$730,400

**Notes:**

1. Market Price means the closing price 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: DCC (terms are set out in the Constitution).
3. The full terms and conditions were disclosed in the notice of meeting for the shareholder meeting held on 23 November 2017.
4. Unquoted Options, exercisable at \$0.0324 each on or before 18 September 2020. The full terms and conditions were disclosed in the notice of meeting for the shareholder meeting held on 25 August 2017.
5. 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.
6. In respect of quoted Equity Securities the value is based on the closing price of the Shares (\$0.093). In respect of unquoted Equity Securities the value of Options is measured using the Black & Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the impact of dilution, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk free interest rate for the term of the Option. No account is taken of any performance conditions included in the terms of the Option other than market based performance conditions (i.e. conditions linked to the price of Shares).

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## SCHEDULE 2 – TERMS AND CONDITIONS OF RELATED PARTY OPTIONS

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The following terms and conditions apply to the Related Party Options (**Options**):

- (a) Each Option entitles the holder to subscribe for one Ordinary Share upon exercise of the Option.
- (b) the Options received by each of the Related Parties will be exercisable as follows:
  - (i) 1,000,000 will be exercisable at \$0.22 on or before the date that is five years from the date of issue;
  - (ii) 1,500,000 will be exercisable at \$0.25 on or before the date that is five years from the date of issue; and
  - (iii) 2,000,000 will be exercisable at \$0.30 on or before the date that is five years from the date of issue

**(Exercise Price)**

- (c) the Options are exercisable at any time on or from the date of issue until the Expiry Date, which is 5 years from the date of issue (**Exercise Period**).
- (d) The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
- (e) A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).
- (f) Within 5 Business Days after the later of the following:
  - (i) the Exercise Date; and
  - (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 10 Business Days after the Exercise Date, the Company will:

- (iii) issue the number of Ordinary Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (iv) 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, 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 Ordinary Shares does not require disclosure to investors; and



- (v) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Ordinary Shares issued pursuant to the exercise of the Options.

If a notice delivered under paragraph (g)(iv) for any reason is not effective to ensure that an offer for sale of the Ordinary Shares does not require disclosure to investors, the Company 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 Ordinary Shares does not require disclosure to investors.

- (g) Ordinary Shares issued on exercise of the Options rank equally with the then issued shares of the Company.
- (h) If admitted to the official list of ASX at the time, the Issue will apply for quotation of the Ordinary Shares issued upon the exercise of the Options.
- (i) If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (j) There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (k) An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.
- (l) The Company will not apply for quotation of the Options on ASX.
- (m) The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

Despite any other term, the Options may not be exercised if such exercise would cause the holder to breach the Corporations Act or the ASX Listing Rules (including, without limitation, Chapter 6 of the Corporations Act).

### **SCHEDULE 3 – VALUATION OF RELATED PARTY OPTIONS**

The Related Party Options to be issued to the Related Parties pursuant to Resolutions 4 and 5 have been valued by internal management.

Using Black & Scholes option pricing model and based on the assumptions set out below, the Related Party Options were ascribed the following value:

<b>Assumptions:</b>	
Number of options	2,000,000
Valuation date	20 September 208
Market price of Shares	\$0.09
Exercise price	\$0.22
Expiry date (length of time from issue)	5 years
Risk free interest rate	2.34%
Volatility	140%
<b>Indicative value per Related Party Option</b>	\$0.075
<b>Total Value of Related Party Options</b>	\$150,000

<b>Assumptions:</b>	
Number of options	3,000,000
Valuation date	20 September 208
Market price of Shares	\$0.09
Exercise price	\$0.25
Expiry date (length of time from issue)	5 years
Risk free interest rate	2.34%
Volatility	140%
<b>Indicative value per Related Party Option</b>	\$0.074
<b>Total Value of Related Party Options</b>	\$222,000

<b>Assumptions:</b>	
Number of options	4,000,000
Valuation date	20 September 2008
Market price of Shares	\$0.09
Exercise price	\$0.30
Expiry date (length of time from issue)	5 years
Risk free interest rate	2.34%
Volatility	140%
<b>Indicative value per Related Party Option</b>	\$0.073
<b>Total Value of Related Party Options</b>	\$292,000

Note: The valuations noted above are not necessarily the market prices that the Related Party Options could be traded at and they are not automatically the market prices for taxation purposes.

**Lodge your vote:**



**By Mail:**

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

**For all enquiries call:**

(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

DCC

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

**Proxy Form**

**XX**

 **For your vote to be effective it must be received by 10:00am (WST) on Tuesday, 20 November 2018**

**How to Vote on Items of Business**

All your securities will be voted in accordance with your directions.

**Appointment of Proxy**

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

**Signing Instructions**

**Individual:** Where the holding is in one name, the securityholder must sign.

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

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

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

**Attending the Meeting**

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**Turn over to complete the form →**



View the annual report 24 hours a day, 7 days a week:

**[www.digitalx.com](http://www.digitalx.com)**

To view and update your securityholding:

**[www.investorcentre.com](http://www.investorcentre.com)**

**Your secure access information is:**

**SRN/HIN: I999999999**



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

☐

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

# Proxy Form

Please mark ☒ to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of DigitalX Ltd hereby appoint

☐ the Chairman of the Meeting

OR

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and 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 DigitalX Ltd to be held at The Blockchain Centre, Suite 1, Level 2, 66 Kings Park Road, West Perth, Western Australia on Thursday, 22 November 2018 at 10:00am (WST) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 and 3 - 6 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 3 - 6 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1 and 3 - 6 by marking the appropriate box in step 2 below.

## STEP 2 Items of Business

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

	For	Against	Abstain
Resolution 1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Director - Mr Peter Rubinstein	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Approval to Issue Performance Rights to CEO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Issue of Options to Director - Mr Xue Samuel Lee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Issue of Options to Director - Mr Peter Rubinstein	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Non-Executive Directors' Remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /