

AXXIS TECHNOLOGY GROUP LTD

(ACN 009 805 298)

(to be renamed ECS Botanics Holdings Ltd)

NOTICE OF GENERAL MEETING AND EXPLANATORY MEMORANDUM

Tuesday 28 May 2019

10.00am (WST)

Suite 2, Level 1, 1 Altona Street, West Perth, WA 6005

This Notice of Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their accountant solicitor or other professional adviser without delay.

Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on (08) 6559 1792 or by email at info@axxis.com.

NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of Shareholders of Axxis Technology Group Ltd (ACN 009 805 298) (**AYG** or the **Company**) will be held at Suite 2, Level 1,1 Altona Street, West Perth, Western Australia, 6005 on Tuesday 28 May 2019 commencing at 10.00am WST.

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

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 the registered holders of Shares in the Company on Sunday 26 May 2019 at 5:00 pm WST.

Further terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Schedule 1 (page 30).

AGENDA

1. Resolution 1 – Change to Nature and Scale of Activities

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

“That, subject to the passing of all Key Resolutions, for the purposes of Listing Rule 11.1.2 and for all other purposes, the Company be authorised to make a significant change in the nature and scale of its activities as set out in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast in favour on this Resolution by or on behalf of a person (and any Associates of such a person) who is might obtain a benefit, except a benefit solely by reason of being a holder of ordinary Shares in the Company, if this Resolution is passed.

However, the Company need not disregard a vote if:

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

2. Resolution 2 – Issue of Consideration Shares and Performance Rights to Vendors

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

“That, subject to the passing of all Key Resolutions, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to conduct the Vendor Offer under the Prospectus and issue:

- (a) 287,500,000 Consideration Shares to the Vendors on completion of the Acquisition;
 - (b) 131,250,000 Performance Rights to the Vendors on completion of the Acquisition;
- on the terms and conditions and as set out in the Explanatory Memorandum.”*

Voting Exclusion

The Company will disregard any votes cast in favour on this Resolution by or on behalf of a person (and any Associates of such a person) who is expected to participate in the issue of the Shares and 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 Shares in the Company, if this Resolution is passed.

However, the Company need not disregard a vote if:

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

3. Resolution 3 – Public Offer Capital Raising

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 all Key Resolutions, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to issue up to a maximum of 162,500,000 Shares at a price of not less than \$0.04 on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast in favour on this Resolution by or on behalf of a person (and any Associates of such a person) who is expected to participate in the issue of the Shares and 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 Shares in the Company, if this Resolution is passed.

However, the Company need not disregard a vote if:

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

4. Resolution 4 – Approval for Existing Directors and Proposed Director to Participate in Public Offer

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

“That, subject to the passing of all Key Resolutions, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Existing Directors and Proposed Director to be able to participate in the Public Offer, being approval for the Existing Directors and Proposed Director to elect to subscribe for up to a total of 3,750,000 Shares at a price of not less than \$0.04 per Share, and otherwise on the terms set out in the Explanatory Memorandum, on the following basis

- (a) *up to a total of 1,250,000 Shares to Jeremy King (and/or his nominees);*
- (b) *up to a total of 1,250,000 Shares to Michael Nitsche (and/or his nominees); and*
- (c) *up to a total of 1,250,000 Shares to David McCredie (and/or his nominees).”*

Voting Exclusion

The Company will disregard any votes cast in favour on this Resolution by or on behalf of a person and/or their nominee(s) (and any Associates of such a person and/or their nominee(s)) who is expected to receive Securities in relation to the Company, if this Resolution is passed.

However, the Company need not disregard a vote if:

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

5. Resolution 5 – Issue of Facilitation Shares

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

“That, subject to the passing of all Key Resolutions, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue a total of 10,000,000 Shares to the Joint Lead Managers (and/or their nominees) on completion of the Acquisition on the following basis:

- (a) 5,000,000 Shares to Xcel Capital Pty Ltd (and/or its nominees); and
- (b) 5,000,000 Shares to Sanlam Private Wealth Pty Ltd (and/or its nominees),

on the terms and conditions and as set out in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast in favour on this Resolution by or on behalf of a person and/or their nominee(s) (and any Associates of such a person and/or their nominee(s)) who is expected to participate in the issue of the Shares and 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 Shares in the Company, if this Resolution is passed.

However, the Company need not disregard a vote if:

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

6. Resolution 6 – Issue of Options to Proposed Directors

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

“That, subject to the passing of all Key Resolutions, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue a total of 1,875,000 Options to the Proposed Directors (and/or their nominees) on completion of the Acquisition on the following basis:

- (a) 937,500 Options to Alex Keach (and/or his nominee); and
- (b) 937,500 Options to David McCredie (and/or his nominee),

and otherwise on the terms and conditions and as set out in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast in favour on this Resolution by or on behalf of a person and/or their nominee(s) (and any Associates of such a person and/or their nominee(s)) who is expected to receive Securities in relation to the Company, if this Resolution is passed.

However, the Company need not disregard a vote if:

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

Voting Prohibition

In accordance with section 250R of the Corporations Act, a vote on this Resolution must not be cast by, or on behalf of, a member of the Key Management Personnel whose remuneration details are included in the remuneration report, or a Closely Related Party of such member. However, a vote may be cast by such person if:

- (a) the person is acting as a proxy and the proxy form specifies how the proxy is to vote, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
- (b) the person is the Chair voting an undirected proxy which expressly authorises the Chair to vote on a resolution connected with the remuneration of a member of the Key Management Personnel.

7. Resolution 7 – Issue of Options to Existing Directors

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

“That, subject to the passing of all Key Resolutions, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue a total of 18,500,000 Options to the Existing Directors (and/or their nominees) on completion of the Acquisition on the following basis:

- (a) 11,000,000 Options to Jeremy King (and/or his nominee);
- (b) 5,500,000 Options to Michael Nitsche; and
- (c) 2,000,000 Options to Justyn Stedwell (and/or his nominee),

and otherwise on the terms and conditions and as set out in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast in favour on this Resolution by or on behalf of a person and/or their nominee(s) (and any Associates of such a person and/or their nominee(s)) who is expected to receive Securities in relation to the Company, if this Resolution is passed.

However, the Company need not disregard a vote if:

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

Voting Prohibition

In accordance with section 250R of the Corporations Act, a vote on this Resolution must not be cast by, or on behalf of, a member of the Key Management Personnel whose remuneration details are included in the remuneration report, or a Closely Related Party of such member. However, a vote may be cast by such person if:

- (a) the person is acting as a proxy and the proxy form specifies how the proxy is to vote, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
- (b) the person is the Chair voting an undirected proxy which expressly authorises the Chair to vote on a resolution connected with the remuneration of a member of the Key Management Personnel.

8. Resolution 8 – Re-election of Director, Michael Nitsche

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 13.4 of the Constitution and for all other purposes, having been appointed on 26 March 2019, and being eligible for re-election, Michael Nitsche is elected as a Director with immediate effect.”

9. Resolution 9 – Election of Director, Alexander Keach

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

“That, subject to completion of the Acquisition occurring, for the purpose of clause 13.3 of the Constitution and for all other purposes, approval is given for the election of Alexander Keach as a director of the Company effective from the date of settlement of the Acquisition.”

10. Resolution 10 – Election of Director, David McCredie

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

“That, subject to completion of the Acquisition occurring, for the purpose of clause 13.3 of the Constitution and for all other purposes, approval is given for the election of David McCredie as a director of the Company effective from the date of settlement of the Acquisition.”

11. Resolution 11 – Change of Company Name

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

“That, subject to completion of the Acquisition occurring, pursuant to section 157(1) of the Corporations Act and for all other purposes, the name of the Company is changed to “ECS Botanics Holdings Ltd”.”

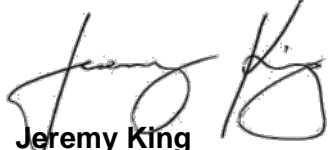
12. Resolution 12 – Adoption of New Constitution

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

“That, subject to the passing of Resolution 11, for the purpose of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the Chairman of the Meeting for identification purposes.”

Dated 26 April 2019

BY ORDER OF THE BOARD



Jeremy King

Non-Executive Director

EXPLANATORY MEMORANDUM

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EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders of the Company in connection with the business to be conducted at the Meeting to be held at Suite 2, Level 1, 1 Altona Street, West Perth, Western Australia, 6005 on Tuesday 28 May 2019 at 10.00am (WST).

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions in the Notice.

A Proxy Form is located at the end of the Explanatory Memorandum.

2. Action to be taken by Shareholders

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

2.1 Proxies

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

Please note that:

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

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

2.2 Voting Prohibition by Proxy Holders

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote on the basis of that appointment on Resolutions 6 and 7 if:

- (a) the person is either:
 - (i) a member of the Key Management Personnel of the Company; 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 Resolutions 6 and 7,

however, the prohibition does not apply if:

- (c) the proxy is the Chairman; and
- (d) the appointment expressly authorises the Chairman to exercise the proxy even if Resolutions 6 and 7 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

3. Background to the Acquisition

3.1 Background

AYG restructured its business in 2014, and ultimately divested of its assets, including the sale of its IT services business Annitel to Inabox Group Ltd in January 2015. AYG was suspended from the Official List on 22 September 2016.

Throughout 2015-2017 AYG investigated various opportunities in order to seek out a suitable business to acquire that would add further value to AYG shareholders. For various reasons, after careful due diligence and review, those potential acquisition opportunities were not successful.

AYG now seeks to acquire 100% of the issued capital of ECS Botanics Pty Ltd (ACN 624 153 331) (**ECS**) with the view to be re-admitted to the Official List on the basis of ECS' industrial hemp business.

3.2 Acquisition of ECS Botanics Pty Ltd

As announced on 15 February 2019 AYG has entered into a binding term sheet (**Term Sheet**) for the acquisition of 100% of the issued capital of hemp product company ECS (**Acquisition**) from the current shareholders of ECS (**Vendors**).

As the Acquisition will result in a change to the nature and scale of AYG's activities, AYG is required to re-comply with Chapters 1 and 2 of the Listing Rules (**Recompliance**). On completion of the Acquisition, AYG proposes to change its name to "ECS Botanics Holdings Ltd" to reflect the ECS brand.

ECS is an agribusiness and food company focussed on industrial hemp, based in Tasmania. ECS is also assessing medicinal cannabis as a complementary facet to ECS' existing industrial hemp business, with cultivation and manufacturing license applications already submitted to the Office of Drug Control.

ECS' industrial hemp business includes cultivation, manufacturing, retail distribution and wholesale distribution components - insourcing and outsourcing along the supply chain where required. ECS is bringing to market wholesale hemp food products and a range of innovative retail hemp food products. ECS is cultivating its own hemp seed and also sourcing from third parties, and its first harvest took place in March 2019, with its second harvest anticipated for late August 2019.

For further information on ECS, its business, and the industry in which it operates, refer to Sections 3.3.4 and 3.4 below.

3.3 Terms of the Acquisition

As announced on 15 February 2019 the Acquisition under the Term Sheet is subject to the following material terms and conditions:

3.3.1 Consideration Payable for Acquisition

Subject to satisfaction of the Conditions set out in Section 3.3.3 below, the Company will issue the following consideration securities at settlement and Completion of the Acquisition (**Completion**) in exchange for the acquisition of 100% of the issued share capital of ECS:

- (a) 287,500,000 fully paid ordinary shares; and
 - (b) 131,250,000 performance rights (on terms specified in Schedule 2, page 33) (**Performance Rights**), (where each Performance Right will convert into 1 fully paid ordinary Share upon achievement of each of the specified performance milestones),
- (collectively, **Consideration**).

As specified in Schedule 5 (page 59), the Consideration will be issued to the Vendors on a pro-rata basis in accordance with each Vendor's holding in ECS.

3.3.2 Other Terms

Subject to satisfaction of the Conditions set out in 3.3.3 below, the parties agreed to the following additional Acquisition and Re-compliance terms and conditions under the Term Sheet:

- (a) AYG conduct a capital raising to cover AYG's interim working capital and costs of the Acquisition and Re-compliance (being the Rights Issue, which concluded in March 2019);
- (b) AYG will conduct a public offer of shares under a prospectus (**Prospectus**) to raise a minimum of \$4,500,000, up to a maximum of \$6,500,000, via the issue of 112,500,000, up to a maximum of 162,500,000 fully paid ordinary AYG shares at an issue price of \$0.04 (**Public Offer**);
- (c) AYG will appoint Alex Keach and David McCredie as directors of AYG;
- (d) AYG will issue a total of 20,375,000 unlisted options to AYG's existing and incoming directors, exercisable at \$0.08 each, on or before the date which is 30 months from their date of issue (**Director Options**);
- (e) Xcel Capital Pty Ltd (**Xcel Capital**) and Sanlam Private Wealth Pty Ltd (**Sanlam**) will be appointed as joint lead managers to the Public Offer (**Joint Lead Managers**). Xcel Capital and Sanlam will receive fees for their lead manager services, subject to a separate mandate agreement (see Section 8.1, page 23);
- (f) Xcel Capital and Sanlam will also be paid a facilitation fee of \$400,000 for their services in facilitating the Acquisition, to be split equally between Sanlam and Xcel Capital. The facilitation fee will be paid in shares, via the issue of 10,000,000 AYG Shares at a deemed issue price of \$0.04 per share (**Facilitation Shares**). It is expected that the Facilitation Shares will be subject to 24 month escrow in accordance with ASX Listing Rules.

3.3.3 Conditions to Completion

The Acquisition will complete and the Consideration described above will be issued subject to the following conditions precedent (**Conditions Precedent**):

- (a) AYG obtaining all regulatory and shareholder approvals required to implement the Acquisition, being the approvals sought under this Notice, including:
 - (i) all necessary ASX Listing Rule waivers (see Section 3.3.4), in particular, a waiver of Listing Rule 2.1, Condition 2 to permit AYG to conduct the Public Offer under the Prospectus at \$0.04 per share;
 - (ii) shareholder approval for the change of nature and scale of activities of AYG;
 - (iii) shareholder approval for the appointment of David McCredie and Alex Keach to the board of AYG;
 - (iv) shareholder approval for the issue of the securities contemplated by the Term Sheet; and
 - (v) shareholder approval for AYG to change its company name to "ECS Botanics Holdings Ltd" in order to reflect the business and branding of ECS;
- (b) AYG preparing the Prospectus and conducting the Public Offer capital raising (described above) to enable AYG to re-comply with Chapter 1 and 2 of the ASX Listing Rules and be reinstated to quotation on the ASX, as well as lodging the Prospectus with ASIC, and receiving sufficient applications to meet the minimum subscription under the Prospectus; and
- (c) AYG receiving conditional re-admission approval from ASX, on conditions which are reasonably acceptable to AYG.

The Term Sheet otherwise contains terms and conditions (including warranties and representations) typical for an agreement of this nature.

3.3.4 ASX Waiver applications and ASX authorisations

In respect of the Company's pending re-compliance with Chapters 1 and 2 of the Listing Rules as a result of its Acquisition of ECS, the Company has applied to ASX for the following waivers from, and confirmations in respect of, the ASX Listing Rules (and ASX has granted these waivers, subject to standard terms and conditions):

- (a) a waiver of Listing Rule 2.1, Condition 2, to waive the "20c rule" in respect of the Public Offer Shares, Consideration Shares and Facilitation Shares;
- (b) a waiver of Listing Rule 1.1, Condition 12, to waive the "20c rule" in respect of the Director Options and Performance Rights;
- (c) a waiver of Listing Rule 10.13.3, being an Application for ASX to waive the one month timeframe to issue Public Offer Shares, Consideration Shares, Performance Rights, Facilitation Shares and Director Options; and
- (d) approval in respect of Listing Rule 6.1, being an application for ASX's approval of the proposed terms and conditions of Performance Rights.

3.4 Overview of ECS Botanics Pty Ltd and the Industrial Hemp Industry

A summary of the key elements of ECS, its business, and the industry in which it operates is summarised below, and set out in detail in Schedule 4 (page 38).

<p>Who is ECS Botanics Pty Ltd and what does ECS Botanics do?</p>	<p>In response to hemp foods being legalised for human consumption in Australia in November 2017, ECS Botanics Pty Ltd (ACN 624 153 331) (ECS or ECS Botanics) was incorporated on 1 February 2018.</p> <p>ECS aims to take advantage of hemp industry growth in general (In Australia and then internationally) by launching a range of retail and wholesale hemp food products. Furthermore, ECS will seek to benefit from escalating consumer demand for vegan and plant based proteins and omega 3 & 6, and more alkaline foods.</p> <p>ECS has also applied for medicinal cannabis licenses with Office of Drug Control, which, if granted, will form a non-core complementary facet to ECS' business. As at the date of this Notice, the grant date for the licence applications is unknown.</p> <p>A summary of the key elements of ECS, its business, and the industry in which it operates is set out in Schedule 4 (page 38).</p>
<p>In what industry sectors will ECS operate?</p>	<p>ECS has operations in Tasmania, New South Wales and Queensland, and ECS operates in the following industry sectors:</p> <ul style="list-style-type: none"> • main sector – Australian industrial hemp food products sector (wholesale and retail products); and • non-core sector (subject to license grant and commencing operations) – Australian medicinal cannabis sector.
<p>What are ECS' current and proposed business activities?</p>	<p>Currently, ECS grows hemp on farming properties that it leases, and procures hemp from a third party. ECS has recently harvested its Tasmanian hemp crop and has planted a hemp crop in Queensland, in order to produce and sell a range of retail and wholesale hemp food products in Australia.</p>
<p>What is the regulatory status of ECS' business and does ECS have the necessary permits and licences to conduct its business?</p>	<p>ECS holds the necessary licences to enable it to conduct its core business, being the cultivation, supply and manufacture of industrial hemp in Tasmania and Queensland for non-therapeutic research and non-therapeutic commercial purposes.</p> <p>Additionally, ECS has also applied for national licences for the import and export of industrial hemp and hemp food products.</p> <p>Further, as a non-core facet of ECS' business, ECS has also applied for medicinal cannabis licences from the Office of Drug control which will, if granted, allow ECS to cultivate medicinal cannabis and manufacture medicinal cannabis products.</p> <p>In respect of ECS' licences which are in application phase, as at the date of this Notice, the length of time for approval of these licences is currently unknown.</p>

<p>What is the Company's financial position and how does ECS intend to generate revenue?</p>	<p>The financial position of AYG and ECS is set out in the unaudited pro forma statement of financial position in Schedule 3 (page 37).</p> <p>As an early stage company, ECS is not currently generating any revenue. However, ECS intends to commence generating revenue from the following two core revenue streams:</p> <ul style="list-style-type: none"> • sale of wholesale hemp products (bulk ingredients – i.e bulk hemp hearts (dehulled hemp) and bulk hemp oil, hemp protein powder and hemp flour); and • sale of retail hemp food products (ready to consume products – i.e oil by the bottle, hemp heart packets, hemp oil capsules, curry sauces, soups, protein shakes, super food boosters, (all with hemp)). <p>ECS may also consider pursuing additional non-core revenue pathways, such as supply of seed to third party farmers for planting.</p> <p>The Company is expected to generate revenue and profits as a result of ECS' business, however, as an early stage business, it does not expect to pay dividends in the near future.</p> <p>As at the date of this Notice, there has yet to be material sales and revenue generated by ECS' business. As at the date of this Notice, ECS has conducted a successful first harvest in Tasmania, and intends that rollout of its hemp food products will occur in the coming months as processing and manufacturing is completed and the marketing, development, and sales initiatives are undertaken. ECS anticipates that first sales of its products may occur towards the end of the second to third quarter of 2019. ECS has also recently planted a further crop in Queensland, which is anticipated to be harvested in late August 2019.</p>
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3.5 ECS Key Personnel and Executive Management

(a) Alex Keach – Managing Director (incoming executive director of AYG)

Alex has a degree in Rural Business Management and is a graduate of the Australian Institute of Company Directors (GAICD). Alex was born in Tasmania, has farming interests in Tasmania, and brings with him significant industry experience and stakeholder relationships. Alex is a board member of the Hemp Association of Tasmania (HAT). In addition to his industry experience, Alex also has corporate experience and ASX board experience.

Alex has a diverse background with 14 years' experience working in financial markets as a senior manager, investor, adviser and fund manager. Alex has also acted as a corporate advisor, and managed the development and implementation of new strategies, governance and change management within an organisation. Alex has founded, grown and financed companies across

agriculture, financial services and mining. Alex has practical skills in agriculture including many years' experience working on properties, including the cultivation of poppies, a narcotic raw material that is further processed to become an active pharmaceutical ingredient.

Alex is responsible for the overall corporate development and governance, supply management, capital and investor management, and building industry relationships.

Previous ASX directorships include Sunvest Corporation Limited (ASX:SVS) and Lanka Graphite Limited (ASX:LGR).

(b) David McCredie – Industry Advisor (incoming non-executive director of AYG)

David has been the CEO of the Australian British Chamber of Commerce since 2010. His interactions with a broad range of industries both in Australia and the UK enables him to provide crucial advice to government, non-government and private sector organisations on best practice in a range of fields, including business strategy, marketing, financing, political and government connectivity.

David has strong strategic and business development capabilities, becoming a highly regarded resource for those looking to broaden exposure within their sector, across industries and into new markets. David has a Bachelor of Arts and a Masters of Business Administration.

(c) Jason Hine (Chief Operations Officer) (incoming senior management)

Jason brings over 25 years' senior management experience driving growth, developing and improving business models, building operational excellence, identifying revenue opportunities and profitability across multiple and varied sectors globally.

Jason is skilled at creating high value relationships, identifying and capitalising on opportunities and innovating with technology. He has also been an active member of the Global Entrepreneurs Organisation and has developed a significant network of contacts across a range of industry segments globally. Jason brings a wealth of board and senior management experience developed within the hemp, medicinal cannabis, finance, franchising, manufacturing, distribution, and professional services sectors.

While Jason will be actively involved in all aspects of building the business including business development, distribution, corporate and product development, his initial focus will be to drive and build the business's operational capability across human resources, contract management and finance functions.

(d) Guy Banducci – Head of Strategic Business Development (incoming senior management)

Guy has over 22 years' experience working with clients to develop business strategies, design operating models, re-engineer and optimise business processes, and negotiate commercial arrangements with suppliers, customers and channel partners across various industries, including retail and fast moving consumer goods sectors.

Guy has a Bachelor of Commerce and Masters of Business Administration. Guy's experience includes leading business development and sales activities across the Asia Pacific region, and he brings with him significant experience and relationships in the retail and distribution sector.

Guy's particular focus is ECS' food products, covering brand and product development, distribution, and partnerships.

3.6 Board and Management Changes

Pursuant to the Term Sheet, upon Completion of the Acquisition (and subject to Shareholder approval pursuant to Resolutions 9 and 10), the Company will undergo a change in board and management:

- (a) the Board of the Company will be comprised of:
 - (i) Alex Keach as Managing Director (to be appointed at Completion subject to Shareholder approval pursuant to Resolution 9);

- (ii) David McCredie as Non-Executive Chair (to be appointed at Completion subject to Shareholder approval pursuant to Resolution 10);
 - (iii) Existing Directors Jeremy King and Michael Nitsche will remain as Non-Executive Directors, and
 - (iv) Existing Director, Justyn Stedwell will retire; and
- (b) in addition to incoming Managing Director Alex Keach, the management of the Company will be comprised of:
- (i) Jason Hine as Chief Operations Officer (to be appointed at Completion);
 - (ii) Guy Banducci as Head of Strategic Business Development (to be appointed at Completion), and
 - (iii) the Company's current Company Secretary, Mauro Piccini, will remain as Company Secretary.

Refer to Section 3.5 above for details of the experience and qualifications of the Proposed Directors and key management.

3.7 Public Offer – Objectives of the Offer and Use of Funds

Pursuant to the public offer under the Prospectus, the Company will seek to raise a minimum of \$4,500,000 (before expenses of the Public Offer) with the ability to accept oversubscriptions to raise a maximum of \$6,500,000, to fund the activities of the Company through the offer by the Company of up to 162,500,000 Shares at an issue price of \$0.04 per Share as proposed in Resolution 3 (**Public Offer**).

The Company intends to conduct the Public Offer through the issue of the Prospectus as part of its re-compliance with Chapters 1 and 2 of the Listing Rules. The purpose of the Public Offer is to:

- (a) fund the commercialisation of ECS' industrial hemp food product business;
- (b) provide additional working capital to support the growth of ECS' industrial hemp food product business;
- (c) provide for general administration and working capital needs; and
- (d) complete the Acquisition and Re-compliance, in order to achieve ASX re-listing and provide a liquid market for the Company's Shares.

The Prospectus will also contain the Vendor Offer, to effect issue of the Consideration Shares and Performance Rights to the Vendors pursuant to the terms and conditions of the Term Sheet for the Acquisition, and otherwise to comply with the disclosure provisions of the Corporations Act. There will be no funds raised from the Vendor Offer.

It is intended that the funds raised from the Public Offer will be applied on the following indicative basis:

Use of Funds	Minimum Subscription (\$) (\$4.5m)	Maximum Subscription (\$) (\$6.5m)
Expenses of the Offer ¹	245,481	247,633
Capital Raising and Joint Lead Manager Fees ²	450,000	570,000
Purchase of hemp seed from farmers ³	750,000	1,050,000
Processing and Manufacturing ⁴	725,000	925,000
Business development and marketing	300,000	250,000
Farming costs, leasing and commercial farming trials	210,000	210,000
Seeds – general planting stock	110,000	120,000
Infrastructure and storage investment (including purchase of leased property in the event of Maximum Subscription)	300,000	1,500,000
Medical cannabis ⁵	100,000	100,000
Administration Costs ⁶	1,190,000	1,450,000
Working capital	119,519	77,367
Total	4,500,000	6,500,000

1. Estimated expenses of the offers under the Prospectus include ASIC fees, ASX fees, legal fees, investigating accountant's fees, company secretarial fees, printing, registry and other miscellaneous expenses.
2. Refer to Section 8.1 for details of the fees payable to the Joint Lead Managers (page 23).
3. Includes estimated payments to third party farms for ECS' next Tasmanian crop, anticipated to be planted in the final quarter of 2019, and harvested in the first quarter of 2020.
4. Processing and manufacturing costs for next Tasmanian crop (anticipated to be harvested first quarter of 2020).
5. Costs related to a feasibility study and consulting fees in the event ECS' medicinal cannabis licences are granted. If the licence applications are granted, ECS intends to undertake a feasibility study to assess if the licences will form a non-core complementary facet to ECS' industrial hemp business.
6. Administration costs include ongoing costs such as executive and non-executive director salaries, staff salaries, accounting and audit costs, share registry fees, company secretarial and public company compliance costs, insurances and general administrative costs.

The above table is a statement of current intentions as of the date of this Notice.

As with any budget, intervening events (such as the risk factors noted in Section 2 of Schedule 4 (page 50)) 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 funds are applied on this basis.

The Directors believe that the Company will have sufficient working capital to meet its immediate business obligations, as set out in the above table, and to meet its objectives upon completion of the Offers.

3.8 Pro-forma balance sheet

An unaudited pro forma statement of financial position of the Company following Completion of the Acquisition and Re-compliance, and other matters is set out in Schedule 3 (page 37).

3.9 Pro-forma capital structure

The capital structure of the Company following the Acquisition, Public Offer and other matters is set out below:

Shares	Minimum Subscription	Maximum Subscription
Shares currently on issue	47,591,067	47,591,067
Public Offer Shares to be issued under the Public Offer	112,500,000	162,500,000
Consideration Shares to be issued under the Vendor Offer	287,500,000	287,500,000
Facilitation Shares to be issued to Joint Lead Managers	10,000,000	10,000,000
Total Shares on completion of the Acquisition and Offers	457,591,067	507,591,067
Options		
Options currently on issue	Nil	Nil
Director Options - Proposed Directors	1,875,000	1,875,000
Director Options - Existing Directors	18,500,000	18,500,000
Total Options on completion of the Acquisition and Offers	20,375,000	20,375,000
Performance Rights		
Currently on issue	Nil	Nil
Performance Rights to be issued to Vendors under the Vendor Offer	131,250,000	131,250,000
Total Performance Rights on completion of the Acquisition and Offers	131,250,000	131,250,000

1. The Director Options at unlisted options exercisable at \$0.08 on or before the date which is 30 months from their date of issue. The Director Options will otherwise be issued on the terms set out in Schedule 7 (page 62).
2. Assumes none of the Performance Rights Milestones have been achieved.
3. In addition to the above, the Company may also consider conducting a bonus issue, loyalty issue (or other similar issue) following the Public Offer (the terms of which are yet to be finalised), and may also consider adopting an employee share option plan or other incentive scheme (the terms of which are yet to be finalised).

3.10 Advantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the proposed Resolutions:

- (a) the Acquisition is an excellent opportunity for the Company to gain an entry into an expanding industrial hemp market;
- (b) through the acquisition of ECS, a larger market capitalisation and enhanced shareholder base should provide a more liquid stock than the Company currently has; and
- (c) the new Board of Directors will provide an experienced set of skills in the industrial hemp industry to guide the growth of the Company.

3.11 Disadvantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the proposed Resolutions:

- (a) the Company will be changing the nature and scale of its activities, which may not be consistent with the objectives of existing Shareholders;
- (b) the Acquisition will result in the issue of Consideration Shares and Performance Rights to the Vendors, which will have a significant dilutive effect on the holdings of existing Shareholders; and
- (c) there are many risk factors associated with the change of nature and scale of the Company's activities, or rather associated with ECS' business and operations. Refer to Section 3.12 below and Section 2 of Schedule 4 to the Notice (page 50) for details of the risk factors.

3.12 Risks

Shareholders should be aware that if the Resolutions are approved, the Company will be changing the nature and scale of its activities which is subject to various risk factors associated with the business of ECS.

Based on the information available, a non-exhaustive list of risk factors are included in Section 2 of Schedule 4 (page 50).

The list of risk factors in Section 2 of Schedule 4 also includes transaction and dilution risk factors. In particular:

- (a) The Company currently has 47,591,067 Shares on issue. Following the Completion of the Acquisition and Reconciliation (including the Offers under the Prospectus), the Company's ordinary Shares will increase from 47,591,067 to up to 507,591,067 based on the Maximum Subscription (refer to the capital structure set out in Section 3.9, page 16 for further details). Accordingly, based on these numbers, existing Shareholders are expected to be diluted by approximately 90.62% on completion of the Acquisition and Reconciliation and will represent a significantly lower proportion of the ownership of the Company upon reinstatement.
- (b) It is not possible to predict what the value of the Company, ECS, or a Share will be following completion of the Acquisition and Reconciliation, and the Directors do not make any representation as to such matters. The last trading price of Shares on ASX prior to AYG's suspension on 21 September 2016 of \$0.10 is not a reliable indicator as to the potential trading price of Shares after completion of the Rights Issue Offer, Acquisition and Reconciliation.
- (c) The Company's securities will continue to remain in suspension on and from the date of the Meeting. Should the Acquisition not complete, the Company will remain in suspension until such times (if at all) that an appropriate asset is identified and acquired by the Company. There is a risk that the Company may not be able to acquire an appropriate asset and consequently be unable to requote its securities on ASX.

3.13 Indicative Timetable

An indicative timetable for the Acquisition is set out below. Shareholders should note the below dates are indicative only and may change without notice. The Directors reserve the right to amend the timetable.

EVENT	DATE
Announcement of Acquisition	15 February 2019
Lodgement of Prospectus with ASIC and ASX	10 May 2019
Shareholder Meeting to approve the Acquisition and Reconciliation	28 May 2019
Opening Date	28 May 2019
Closing Date	21 June 2019
Settlement of Acquisition under the Term Sheet	28 June 2019
Despatch of holding statements	2 July 2019
Anticipated date of readmission/Reconciliation completed (suspension of trading of shares is lifted)	12 July 2019

3.14 Plans for the Company if the Acquisition is not completed

In the event that Completion of the Acquisition does not occur, the Directors will endeavour to source an alternative transaction that will allow the Company to re-comply with Chapters 1 and 2 and subsequently be re-quoted on the ASX. Failing that, it is highly likely that the Company will be delisted from the ASX on 22 September 2019. Refer to the risk factors in Section 2 of Schedule 4 for further information (page 50).

3.15 Director and Related Party Interests

Proposed Director Alex Keach is a founder of ECS, a Vendor of ECS and a Proposed Director of AYG. In addition to Acquisition Consideration received on an arms-length pro-rata basis on the same terms as all other Vendors, Alex will receive Director Options pursuant to the Term Sheet. Details of Alex's voting interest in AYG on Completion of the Acquisition are set out in the table below.

Proposed David McCredie is a Vendor of ECS and a Proposed Director of AYG. In addition to Acquisition Consideration received on an arms-length pro-rata basis on the same terms as all other Vendors, David will receive Director Options pursuant to the Term Sheet, and may elect to participate in the Public Offer. Details of David's voting interest in AYG on Completion of the Acquisition are set out below.

In addition to the above, the voting power of Existing Directors Jeremy King, Michael Nitsche and Justyn Stedwell following completion of all the issues contemplated by this Notice is set out below:

Director	Shares currently on issue	Current Voting Power	Public Offer Shares	Consideration Shares (Vendor Consideration)	Voting Power in AYG after Acquisition (Minimum Subscription, undiluted)	Performance Rights (Vendor Consideration)	Director Options
Alex Keach (Proposed Director)	Nil	Nil	Nil	90,548,668	19.8%	41,337,435	937,500
David McCredie (Proposed Director)	Nil	Nil	1,250,000	425,611	0.37%	194,301	937,500
Jeremy King (Existing Director)	Nil	Nil	1,250,000	Nil	0.27%	Nil	11,000,000
Michael Nitsche (Existing Director)	Nil	Nil	1,250,000	Nil	0.27%	Nil	5,500,000
Justyn Stedwell (Resigning)	7,650	0.02%	Nil	Nil	0.002%	Nil	2,000,000

3.16 Directors' Recommendation

It is the view of the Directors that the Acquisition will give Shareholders the opportunity to participate in a potentially significant development and commercialisation of a growing business in the industrial hemp sector. The Directors consider that the Acquisition is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of all of the Resolutions.

3.17 Interdependence of Resolutions and Chairman's intentions

The Resolutions are interdependent, meaning that Shareholders must pass all of the Resolutions for the Acquisition to proceed.

The Chair intends to exercise all available proxies in favour of all Resolutions.

4. Resolution 1 – Change to Scale and Nature of Activities

4.1 General

Resolution 1 seeks approval from Shareholders for a change to the nature and scale of the activities of the Company as a result of the Company's proposed Acquisition of ECS.

As outlined in Section 3 above, the Company has entered into the Term Sheet, under which the Company has agreed to acquire all of the issued capital in ECS from the Vendors.

Completion of the Acquisition under the Term Sheet is subject to various Conditions Precedent, including the requirement for the Company to obtain Shareholder approval (being the Shareholder approval the subject of this Notice, to be sought at the Meeting).

A detailed description of the proposed Acquisition, the Conditions Precedent, and ECS' assets and business prospects is outlined in Section 3 above.

4.2 Legal requirements

Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable and comply with the following:

- (a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (b) if ASX requires, obtains the approval of holders of its shares and any requirements of ASX in relation to the notice of meeting; and
- (c) if ASX requires, meet the requirements of Chapters 1 and 2 of the Listing Rules as if the Company were applying for admission to the official list of ASX.

ASX has indicated to the Company that given the change in the nature and scale of the Company's activities resulting from the Acquisition it requires the Company to:

- (a) obtain Shareholder approval; and
- (b) re-comply with the admission requirements set out in Chapters 1 and 2 of the Listing Rules.

5. Resolution 2 – Issue of Consideration Shares and Performance Rights to Vendors

5.1 General

As outlined in Section 3, the Company has agreed to acquire all of the issued capital of ECS from the Vendors.

Under the Term Sheet, the total consideration to be paid to the Vendors will be the issue of the following Consideration:

- (a) 287,500,000 Consideration Shares; and
- (b) 131,250,000 Performance Rights (on terms specified in Schedule 2 (page 33)),

on a pro-rata basis to each Vendor in proportion to their shareholding in ECS, as set out in Schedule 5 (page 59).

5.2 Listing Rule 7.1

Listing Rule 7.1 provides that a company must not (subject to specified exceptions), without the approval of shareholders, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Given the Shares to be issued under Resolution 2 will exceed the 15% threshold and none of the exceptions contained in Listing Rule 7.2 apply, Shareholder approval is required under Listing Rule 7.1.

The Consideration issued to the Vendors will be subject to any ASX imposed escrow terms.

5.3 Section 208 Corporations Act and Listing Rule 10.11

Section 228(6) of the Corporations Act states that a person is a related party of a company if the company believes, or has reasonable grounds to believe that the person is likely to become a related party.

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.

As set out in Schedule 5 (page 59), Alex Keach and David McCredie (or entities associated with them) will receive Consideration. These Vendor entities are related parties by virtue of section 228(6) of the Corporations Act (**Related Vendors**). No other Vendors are related parties of the Company.

Although the Related Vendors are related parties of the Company, they are only related parties of the Company by reason of the terms of the Acquisition which is the reason for the issue of the Performance Rights and the application of section 228(6) of the Corporations Act. Accordingly, as a result of Listing Rule 10.12 exception 6, the Company is not required to obtain approval pursuant to Listing 10.11 for the issue of the Performance Rights to the Vendors.

Each of the resolutions that form part of Resolution 2 are ordinary resolutions.

The issue of Shares and Performance Rights as Consideration to the Related Vendors constitutes giving a financial benefit and Alex Keach and David McCredie are related parties of the Company pursuant to section 228(6) as described above.

The Existing Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Shares and Performance Rights under Resolution 2 will be issued to the Related Vendors on the same pro-rata basis as the non-related Vendors, and accordingly, the giving of the financial benefit is on arms length terms.

The maximum voting power of the Vendors is set out in Schedule 5 (page 59).

5.4 Technical Information Required by Listing Rule 7.3

The following information is provided in relation to Resolution 2 pursuant to and in accordance with Listing Rule 7.3:

- (a) the maximum number of securities to be issued is 287,500,000 Consideration Shares and 131,250,000 Performance Rights;
- (b) the Consideration Shares and Performance Rights 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 proposed that the Consideration Shares and Performance Rights will be issued on one date, being the date of Completion of the Acquisition, together with the Facilitation Shares, Public Offer Shares and Options, in accordance with the timetable set out in Section 3.13 above (page 17);
- (c) the Consideration Shares and the Performance Rights will be issued for nil cash consideration, but rather as part of the consideration for the Acquisition (refer to Section 3.3.1 above). Accordingly, no funds will be raised from the issue of the Shares or the Performance Rights;
- (d) the Shares and Performance Rights will be issued to the Vendors on a pro-rata basis in proportion to their shareholding in ECS, as set out in Schedule 5 (page 59);
- (e) the 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. The Performance Rights issued will be on the terms and conditions specified in Schedule 2 (page 33); and

- (f) a voting exclusion statement has been included under Resolution 2 in the Notice.

6. Resolution 3 – Public Offer Capital Raising

6.1 General

As outlined in Section 3.3.3, Completion of the Term Sheet and Acquisition is conditional upon the Company completing the Public Offer under the Prospectus.

Resolution 3 seeks Shareholder approval for the issue of up to 162,500,000 Shares the subject of the Public Offer.

A summary of Listing Rule 7.1 is set out in Section 5.2 above.

The effect of Resolution 3 will be to allow the Directors to issue up to 162,500,000 Shares pursuant to the Public Offer during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

6.2 Technical Information Required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Public Offer:

- (a) the maximum number of Shares to be issued is up to 162,500,000 Shares;
- (b) the 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 proposed that the Public Offer Shares will be issued on one date, being the date of Completion of the Acquisition, together with the Consideration Shares, Performance Rights, Facilitation Shares and Options, in accordance with the timetable set out in Section 3.13 above (page 17);
- (c) the issue price will be not less than \$0.04 per Share (ASX has granted a waiver of Listing Rule 2.1, Condition 2 to permit AYG to conduct the offer under the Prospectus at a price less than \$0.20 per share);
- (d) other than as set out in Resolution 4, the participants in the Public Offer will be members of the public and the Directors will determine to whom the Shares will be issued and will ensure that no Related Parties will be issued Shares;
- (e) the 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;
- (f) the Company intends to use the funds raised from the Public Offer in the manner set out in Section 3.7 above (page 14); and
- (g) a voting exclusion statement has been included under Resolution 3 in the Notice.

7. Resolution 4 – Approval for Existing of Directors and Proposed Directors to Participate in Public Offer

7.1 General

Under this Resolution, it is proposed to grant to Existing Directors Jeremy King and Michael Nitsche, and to proposed Director David McCredie (and/or their nominees), the entitlement to participate in the Public Offer under the Prospectus (**Participants**).

Subject to Shareholder approval under Resolution 4, the Participants may (at their election) participate in the Public Offer under the Prospectus by subscribing for Public Offer Shares on the same terms and conditions as all other Public Offer applicants.

The total maximum number of Shares which may be issued to the Participants (and/or their nominees) under the Public Offer is up to 3,750,000 at \$0.04 per Share (\$150,000 in total), being up to 1,250,000 Shares each (\$50,000 each).

7.2 Section 208 of the Corporations Act

A summary of section 208 of the Corporations Act is set out in Section 5.3 above.

Jeremy King and Michael Nitsche are related parties by virtue of their existing appointment as Directors of the Company. Proposed Director David McCredie is a related party by virtue of section 228(6) of the Corporations Act as it is anticipated he will become a related party when he is appointed as a Director at Completion of the Acquisition (subject to Shareholder approval and successful Reconciliation).

The Participants' election to participate in the Public Offer will result in the issue of Public Offer Shares which constitutes giving a financial benefit and each of the Participants are related parties of the Company as described above.

The Existing Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participants' participation in the Public Offer as the Shares will be issued to the Participants on the same terms as Shares issued to non-related party participants in the Public Offer, and as such, the giving of the financial benefit is on arm's length terms.

7.3 ASX Listing Rule 10.11

In accordance with the Listing Rules, Shareholder approval is required for the issue of equity securities to a Related Party of the Company. Jeremy King and Michael Nitsche (being Existing Directors) and David McCredie (being a Proposed Director) are therefore each a Related Party of the Company. Consequently, in accordance with the Listing Rule 10.11, Shareholder approval is required for the issue of equity securities to the Participants.

7.4 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to this Resolution:

- (a) the aggregate maximum number of fully paid Shares which the Participants (and or their nominees) may subscribe for under the Public Offer is up to a total of 3,750,000 Shares, being:
 - (i) up to a total of 1,250,000 Shares to Jeremy King (and/or his nominees);
 - (ii) up to a total of 1,250,000 Shares to Michael Nitsche (and/or his nominees); and
 - (iii) up to a total of 1,250,000 Shares to David McCredie (and/or his nominees),
- (b) the Company may not necessarily issue the full complement of Shares and may issue a lesser number;
- (c) the issue price of the Shares proposed to be issued will be \$0.04 per Share (on the same terms and conditions as all other applicants under the Public Offer);
- (d) a total of \$150,000 will be raised, being up to 1,250,000 Shares each (\$50,000 each), the Company intends to use the funds raised by the Public Offer as specified in Section 3.7 above (page 14);
- (e) ASX has granted a waiver of Listing Rule 10.13.3 to permit the Company to issue the Shares the subject of this resolution later than 1 month after the Meeting; it is proposed that the shares the subject of this Resolution (being Public Offer Shares) will be issued on one date, being the date of Completion of the Acquisition, together with the Consideration Shares, Performance Rights, Facilitation Shares and Options, in accordance with the timetable set out in Section 3.13 above;
- (f) application will be made for Official Quotation on ASX of the fully paid Shares to be issued pursuant to this Resolution;

- (g) the Shares issued will rank equally with the existing Shares on issue;
- (h) if approval is given for this Resolution for the purposes of Listing Rule 10.11, approval for the issue under this Resolution is not required under Listing Rule 7.1;
- (i) the voting power of the Participants is set out in Section 3.15 (page 18); and
- (j) a voting exclusion statement has been included under Resolution 4 in the Notice.

8. Resolution 5 – Issue of Facilitation Shares

8.1 General

Resolution 5 seeks Shareholder approval for the issue of up to 10,000,000 Shares to the Joint Lead Managers (and/or their nominees) for the provision of their services in facilitating the Acquisition.

The 10,000,000 Shares will be issued on the following basis:

- (a) 5,000,000 Shares to Xcel Capital (and/or its nominees); and
- (b) 5,000,000 Shares to Sanlam Private Wealth (and/or its nominees).

In addition to the Facilitation Shares under this Resolution 0, it is proposed that the Joint Lead Managers will also receive fees under a separate mandate for lead manager services and capital raising management services provided in respect of the Public Offer (**Joint Lead Manager Mandate**).

Pursuant to the Joint Lead Manager Mandate, the Company will pay the Joint Lead Managers the following fees in respect of the Public Offer (to be shared equally between the Joint Lead Managers):

- (a) a capital raising fee of 6% (plus GST, if applicable) on funds raised by the Joint Lead Managers in respect of the Public Offer;
- (b) a success fee of \$60,000 (plus GST, if applicable) on the Company's readmission to the ASX; and
- (c) a market awareness retainer of \$10,000 per month (plus GST) for ongoing corporate advisory services commencing on the date of listing to be shared equally between the Joint Lead Managers for a minimum of 12 months (which is a monthly fee of \$5,000 (plus GST) paid to each Joint Lead Manager, being a total corporate advisory fee of \$120,000 over the 12 month period).

Additionally, Sanlam Private Wealth and Xcel Capital are Vendors of ECS. Accordingly, in addition to the Facilitation Shares pursuant to the Term Sheet, and the fees payable under the Joint Lead Manager Mandate, Sanlam Private Wealth and Xcel Capital will receive Acquisition Consideration Shares and Performance Rights under the Term Sheet (to be received on an arms-length pro-rata basis on the same terms as all other Vendors, as set out in Schedule 5 (page 59)).

8.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is set out in Section 5.2 above.

The effect of Resolution 5 will be to allow the Directors to issue up the 10,000,000 Shares to the Joint Lead Managers pursuant to the Term Sheet, during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

8.3 Technical Information Required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Public Offer:

- (a) the maximum number of Shares to be issued is up to 10,000,000 Shares;
- (b) the 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

proposed that the Facilitation Shares will be issued on one date, being the date of Completion of the Acquisition, together with the Consideration Shares, Performance Rights, Public Offer Shares and Options, in accordance with the timetable set out in Section 3.13 above (page 17);

- (c) the Shares will be issued for nil cash consideration in satisfaction of the market advisory services provided by the Joint Lead Managers in respect of the Acquisition, accordingly no funds will be raised from the issue of the Shares pursuant to this Resolution 5;
- (d) the recipients of the Shares under this Resolution 5 will be Xcel Capital and Sanlam Private Wealth (and/or their nominees);
- (e) the 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;
- (f) the Shares to be issued under this Resolution 5 will be issued on the same day, at Completion of the Acquisition; and
- (g) a voting exclusion statement has been included under Resolution 5 in the Notice.

9. Resolution 6 – Issue of Options to Proposed Directors

9.1 General

As specified in Section 3.3.3, subject to the passing of the Key Resolutions, at Completion of the Acquisition, the Proposed Directors, being Alex Keach and David McCredie, will be appointed as Directors of the Company.

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 1,875,000 Options to the Proposed Directors (and/or their nominees) on the terms and conditions set out below.

The Options are being issued as part of the Proposed Directors remuneration packages and to provide a performance linked incentive.

The Options will be issued for nil cash consideration, exercisable at \$0.08 each and expiring 30 months from the date of issue. The terms and conditions of the Options are set out in Schedule 7 (page 62).

Each of the resolutions that form part of Resolution 6 are ordinary resolutions.

9.2 Listing Rule 10.11 and Section 208 of the Corporations Act

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.

A summary of section 208 of the Corporations Act is set out in Section 5.3 above.

The issue of Options to Alex Keach and David McCredie constitutes giving a financial benefit and Alex Keach and David McCredie are related parties of the Company pursuant to section 228(6) as described above.

The Existing Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Options as a result of the Options being reasonable remuneration.

However, it is the view of the Company that the exceptions set out in Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Options to Alex Keach and David McCredie.

The voting power of the Proposed Directors is set out in Section 3.15 (page 18).

9.3 Technical Information Required by Listing Rule 10.13.3

The following information is provided in relation to Resolution 6 pursuant to and in accordance with Listing Rule 10.13.3:

- (a) the related parties are Alex Keach and David McCredie, and they are related parties by virtue of being Proposed Directors (for the purposes of s228(6) of the Corporations Act);
- (b) the maximum number of securities to be issued is 1,875,000 Options (being the nature of the financial benefit being provided) and the Options will be issued to the Proposed Directors in the following manner:
 - (i) 937,500 Options to Alex Keach (and/or his nominees); and
 - (ii) 937,500 Options to David McCredie (and/or his nominees);
- (c) ASX has granted a waiver of Listing Rule 10.13.3 to permit the Company to issue the Options later than 1 month after the Meeting; it is proposed that the Options will be issued on one date, being the date of Completion of the Acquisition, together with the Consideration Shares, Performance Rights, Public Offer Shares and Facilitation Shares, in accordance with the timetable set out in Section 3.13 above (page 17);
- (d) the Options are being issued for nil consideration as part of the Proposed Directors reasonable remuneration and to provide a performance linked incentive;
- (e) the Options will be issued on the terms and conditions specified in Schedule 7 (page 62);
- (f) approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Options to the Proposed Directors as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Options to the Proposed Directors will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1;
- (g) the voting interests of the Proposed Directors is set out in Section 3.15 (page 18); and
- (h) a voting exclusion statement has been included under Resolution 6 in the Notice.

10. Resolution 7 – Issue of Options to Existing Directors

10.1 General

Under this Resolution, it is proposed to issue to Jeremy King, Michael Nitsche and Justyn Stedwell, being Existing Directors of the Company (and/or their nominees), a total of 18,500,000 Options on the terms and conditions outlined below.

The Options are being granted as follows:

- (a) to Justyn Stedwell to reward him for his past performance in the Company;
- (b) to Jeremy King to reward him for his past performance, and as a performance linked incentive in his ongoing role with the Company; and
- (c) to Michael Nitsche as a performance linked incentive in his ongoing role with the Company.

10.2 Section 195(4) of the Corporations Act

Each of the Existing Directors has a material personal interest in the outcome of Resolution 7 (as applicable to each Existing Director) by virtue of the fact that Resolution 7 is concerned with the issue of Options to all of the Existing Directors.

Section 195 of the Corporations Act essentially provides that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a material personal interest are being considered. In the absence of Shareholder approval under section 195(4) of the Corporations Act, the Directors may not be able to form a quorum at Board meetings necessary

to carry out the terms of these Resolutions. The Directors have accordingly exercised their right under section 195(4) of the Corporations Act to put the issue to Shareholders to determine.

10.3 Section 208 of the Corporations Act and ASX Listing Rule 10.11

A summary of section 208 of the Corporations Act is set out in Section 5.3 above.

The issue of the Options to the Existing Directors constitutes giving a financial benefit and Justyn Stedwell, Jeremy King and Michael Nitsche are related parties of the Company by virtue of being Existing 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.

The Existing Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Options as a result of the Options being reasonable remuneration.

However, it is the view of the Company that the exceptions set out in Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Options to Justyn Stedwell, Jeremy King and Michael Nitsche.

10.4 Listing Rule 10.13

Pursuant to and in accordance with the requirements of ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of Options to the Existing Directors:

- (a) the related parties are Justyn Stedwell, Jeremy King and Michael Nitsche, and they are related parties by virtue of being Existing Directors;
- (b) the maximum number of Options (being the nature of the financial benefit being provided) to be granted to the Related Parties is:
 - (i) 11,000,000 Options to Jeremy King (and/or his nominee);
 - (ii) 5,500,000 Options to Michael Nitsche (an/or his nominee); and
 - (iii) 2,000,000 Options to Justyn Stedwell (and/or his nominee);
- (c) ASX has granted a waiver of Listing Rule 10.13.3 to permit the Company to issue the Options later than 1 month after the Meeting; it is proposed that the Options will be issued on one date, being the date of Completion of the Acquisition, together with the Consideration Shares, Performance Rights, Public Offer Shares and Facilitation Shares, in accordance with the timetable set out in Section 3.13 above (page 17);
- (d) in respect of the Options to be issued to Justyn Stedwell, the Options are being issued for nil consideration to reward him for his past performance for the Company as a component of his remuneration package until his resignation at Settlement of the Acquisition (noting Justyn has previously received modest director fees);
- (e) similarly, the Options to be issued to Jeremy King are being issued for nil consideration to reward him for past performance for the Company (noting Jeremy has previously received modest director fees) and also to provide a performance linked incentive component in his remuneration package, to reward him in respect of his performance in managing both the Acquisition and the Public Offer process and to incentivise him in his ongoing role as Director;
- (f) similarly, the Options to be issued to Michael Nitsche are being issued for nil consideration to provide a performance linked incentive component in his remuneration package, to incentivise him in his ongoing role as Director;
- (g) the terms and conditions of the Options are set out in Schedule 7 (page 62);
- (h) the voting interests of the Existing Directors is set out in Section 3.15 (page 18);

- (i) approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Options to the Existing Directors as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of 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; and
- (j) a voting exclusion statement has been included under Resolution 7 in the Notice.

11. Resolution 8 – Re-election of Existing Director

11.1 Background

Michael Nitsche was appointed by the Directors on 26 March 2019 as an additional AYG Director. Pursuant to the Constitution, Michael's appointment will lapse at the Meeting. Accordingly, the Company is seeking Michael's re-election.

11.2 Constitution Requirements

Clause 13.4 of the Constitution provides that the Directors may at any time appoint a person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director appointed under clause 13.4 of the Constitution holds office until the next general meeting, and is then eligible for re-election.

Clause 13.3 of the Constitution provides that the Company may elect a person as a Director of the Company by resolution passed by Shareholders at a general meeting.

A Director elected at a general meeting is taken to have been elected with effect immediately after the end of that general meeting unless the resolution by which the Director was appointed or elected specifies a different time. Resolution 8 seeks the re-election of Michael Nitsche as a Director of the Company with effect on and from the date the Meeting.

11.3 Background and Qualifications

Michael Nitsche is the founder and Executive Director of ARQ Capital, a boutique corporate advisory firm based in Perth, Western Australia. He has extensive experience in equity capital markets, particularly advising on deal structuring for IPO's, equity capital raisings, mergers and acquisitions. From 2011 to 2014 Michael served as Institutional Advisor and Associate Director at two of Australia's most respected stockbroking firms. Michael has held directorships that span public and private boards across multiple market sectors. He holds a post graduate Diploma in Applied Finance with a major in Wealth Management through FINSIA.

12. Resolutions 9 and 10 – Election of Proposed Directors

12.1 Background

As outlined in Section 3.3.2 and 3.6 above, the Company has agreed to procure the appointment of two representatives of ECS as Directors of the Company (being Alex Keach and David McCredie) effective on and from Completion of the Acquisition.

Existing Director Justyn Stedwell will resign effective on and from Completion of the Acquisition, and Jeremy King and Michael Nitsche will remain as non-executive Directors of the Company after Completion of the Acquisition.

12.2 Constitution Requirements

Clause 13.3 of the Constitution provides that the Company may to elect a person as a Director of the Company by resolution passed by Shareholders at a general meeting.

No person other than a Director seeking re-election shall be eligible for election to the office of Director at any general meeting unless the person or some Shareholder intending to propose his or

her nomination has left at the registered office of the Company a notice in writing duly signed by the nominee giving his or her consent to the nomination and signifying his or her candidature for the office or the intention of the Shareholder to propose the person.

A copy of the nomination for candidature for the Proposed Directors is enclosed at Schedule 6 (page 61) and the Proposed Directors have consented to act.

A Director elected at a general meeting is taken to have been elected with effect immediately after the end of that general meeting unless the resolution by which the Director was appointed or elected specifies a different time. Resolutions 9 and 10 seek the election of the Proposed Directors respectively as Directors of the Company with effect on and from the date of Completion of the Acquisition.

12.3 Background and Qualifications

The background and qualifications of each Proposed Director is set in Section 3.5 above (page 12).

13. Resolution 11 – Change of Company Name

Section 157(1) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name.

Resolution 11 seeks the approval of Shareholders to the adoption of “*ECS Botanics Holdings Ltd*” as the new name for the Company, subject to Completion of the Acquisition occurring.

If Resolution 11 is passed the change of name will take effect when ASIC alters the details of the Company’s registration. The proposed name has been reserved by the Company and if Resolution 11 is passed, the Company will lodge a copy of the special resolution with ASIC following settlement of the Acquisition occurring in order to effect the change.

The Board proposes this change of name on the basis that it more accurately reflects the proposed future operations of the Company.

14. Resolution 12 – Change of Constitution

A company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

Resolution 12 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares and which reflects the Corporations Act and ASX Listing Rules and has been amended to reflect the new company name “*ECS Botanics Holdings Ltd*”.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution and the proposed changes are administrative or minor in nature to update the name of the Company to that adopted in Resolution 11 above, to “*ECS Botanics Holdings Ltd*”.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders.

A copy of the Proposed Constitution is available for review by Shareholders at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary.

Shareholders are invited to contact the Company if they have any queries or concerns.

If Resolution 11 is passed, Resolution 12 will come into effect.

The Board recommends that Shareholders vote in favour of Resolution 12.

15. Schedule 1 – Definitions

In this Notice and the Explanatory Memorandum:

Acquisition means the Company's acquisition of all the issued capital in ECS, as announced on 15 February 2019, pursuant to the Term Sheet.

ASIC means the Australian Securities and Investments Commission.

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

ASX Listing Rules or **Listing Rules** means the official listing rules of ASX and any other rules of ASX which are applicable while any Shares are admitted to the Official List of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

Board means the Directors of the Company as at the date of this Notice.

Business Day means:

- (a) for determining when a notice, consent or other communication is given, a day that is not a Saturday, Sunday or public holiday in the place to which the notice, consent or other communication is sent; and
- (b) for any other purpose, a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Perth.

Chair or **Chairman** means the person appointed to chair the Meeting conveyed by this Notice.

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; and
- (f) a person prescribed by the Corporations Regulations 2001 (Cth).

Company or **AYG** means Axxis Technology Group Ltd (ACN 009 805 298) (to be renamed ECS Botanics Holdings Ltd).

Completion means completion and settlement of the Acquisition, being the transfer of ECS shares from the Vendors to AYG, and AYG issuing the Consideration Shares and Performance Rights to the Vendors, subject satisfaction of the Conditions Precedent.

Conditions Precedent means the conditions precedent to Completion of the Acquisition (pursuant to the Term Sheet 3.3.3).

Consideration means the consideration pursuant to the Term Sheet as defined in Section 3.3, comprised of the Consideration Shares and the Performance Rights.

Consideration Shares means the 287,500,000 Shares to be issued to the Vendors under the Vendor Offer as part Consideration for the Acquisition, on a pro-rata basis as set out in Schedule 5 (page 59).

Constitution means the constitution of the Company.

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

Director means a director of the Company.

ECS means ECS Botanics Pty Ltd (ACN 624 153 331).

Explanatory Memorandum means the explanatory memorandum attached to the Notice.

Existing Directors means Jeremy King, Michael Nitsche and Justyn Stedwell.

Facilitation Shares means the 10,000,000 Shares issued to the Joint Lead Managers (and/or their nominees) pursuant to Resolution 5.

JLMs or Joint Lead Managers means the joint lead managers to the Public Offer, being Xcel Capital and Sanlam Private Wealth.

Joint Lead Manager Mandate means the mandate between the Company, Xcel Capital and Sanlam Private Wealth.

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.

Key Resolutions means Resolutions 1-10 (inclusive).

Meeting has the meaning in the introductory paragraph of the Notice.

Maximum Subscription means the maximum subscription under the Public Offer, being \$6,500,000.

Minimum Subscription means the minimum subscription under the Public Offer, being \$4,500,000.

Notice means this notice of general meeting.

Official List means the official list of ASX.

Option, in the context of the Securities of the Company, means an option to acquire a Share on the terms set out in Schedule 7 (page 62).

Performance Milestone means the performance milestones of the Performance Rights as set out in Schedule 2 (page 33).

Performance Rights means 131,250,000 performance rights which, subject to satisfaction of the Performance Milestones, are convertible into Shares in the Company on a one for one basis, and are otherwise subject to the terms and conditions set out in Schedule 2 (page 33).

Proposed Constitution means the proposed new constitution to be adopted pursuant to Resolution 12.

Proposed Directors means Alex Keach and David McCredie (to be appointed at Completion of the Acquisition).

Prospectus means a prospectus issued by the Company for the purpose of the Public Offer, as outlined in Section 3.3.2.

Proxy Form means the proxy form attached to the Notice.

Public Offer means the Company's public capital raising at an issue price of \$0.04 per Share to raise a minimum of \$4,500,000 with the ability to take oversubscriptions of a further \$2,000,000 to raise up to a maximum of \$6,500,000 via the issue of up to 162,500,000 Shares.

Recompliance means the Company's recompliance with Chapters 1 and 2 of the ASX Listing Rules

Related Party has the meaning ascribed to that term as set out in the Corporations Act and the Listing Rules.

Resolution means a resolution contained in the Notice.

Rights Issue means the non-renounceable rights issue conducted under the Company's prospectus dated 15 February 2019.

Sanlam Private Wealth means Sanlam Private Wealth Pty Ltd, a Joint Lead Manager to the Public Offer.

Schedule means a schedule to this Notice.

Section means a section contained in the Explanatory Memorandum.

Securities means the securities of the Company.

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

Shareholder means a shareholder of ordinary fully paid shares in the Company.

Term Sheet means the Term Sheet dated 15 February 2019 between the Company, the Vendors and ECS.

Vendors means the shareholders of ECS, as specified in Schedule 5 (page 59).

Vendor Offer means the offer under the Prospectus to the Vendors of Consideration Shares and Performance Rights.

Vesting Conditions means the vesting conditions of the Performance Rights, subject to the Performance Milestones, as set out in Schedule 2 (page 33).

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

Xcel Capital means Xcel Capital Pty Ltd, a Joint Lead Manager to the Public Offer.

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

16. Schedule 2 – Terms of Performance Rights

1. General

The Performance Rights will be issued to the Vendors on a pro-rata basis as set out in Schedule 5 (page 59), as a long term incentive to successfully commercialise ECS' business. Milestones, terms and conditions of the Performance Rights are described in this Schedule 7 (page 62).

However, the Parties acknowledge and agree that the terms and conditions of the Performance Rights are subject to ASX approval under Listing Rule 6.1. AYG otherwise anticipates issuing the Performance Rights on terms which are not inconsistent with ASX's minimum requirements of Guidance Note 19.

Subject to the terms and conditions below, each one (1) Performance Right is convertible into one (1) fully paid ordinary share in the capital of AYG, upon the below milestones being achieved collectively (**Vesting Conditions**):

Milestone	Expiry Date	Number
Milestone A: ECS achieving annual revenue* in any financial year of \$1 million within 2 years of AYG's readmission	3 months from the end of the financial year which is within 2 years of AYG's readmission	43,750,000
Milestone B: ECS achieving annual revenue* in any financial year of \$2.5 million within 3 years of AYG's readmission	3 months from the end of the financial year which is within 3 years of AYG's readmission	43,750,000
Milestone C: ECS achieving annual revenue* in any financial year of \$10 million within 4 years of AYG's readmission	3 months from the end of the financial year which is within 4 years of AYG's readmission	43,750,000
TOTAL		131,250,000

* Where "**annual revenue**" means revenue derived from ECS and its assets, as acquired by AYG at the time of reinstatement, as described in the Prospectus.

2. Terms

- (a) The Performance Rights will lapse at 5.00pm WST on the respective expiry date for each of Milestone 1, 2 and 3 (**Expiry Date**).
- (b) The Performance Rights will be granted for nil consideration, as their primary purpose is to provide a performance and retention linked incentive component of the Vendors (**Holder**s).
- (c) AYG will apply to the ASX for approval of the terms of the Performance Rights under Listing Rule 6.1. If the proposed terms are not approved by the ASX, ECS and AYG shall negotiate (in good faith) a restructuring of the securities to be issued to the Holders such that the Holders receive equivalent incentive.
- (d) The Performance Rights will not convert to Shares until AYG has obtained all necessary prior shareholder and regulatory approvals for their vesting (including but not limited to shareholder approval under section 611(7) of the Corporations Act) and until such time as the relevant Vesting Conditions referred to above have collectively been satisfied.

- (e) The Board may, at its discretion, and by notice to the Holders, adjust or vary the terms of a Performance Right, subject to the requirements of the Listing Rules. No adjustment or variation to these terms will be made without the prior written consent of each Holder, if such adjustment or variation would have a materially prejudicial effect upon that Holder (in respect of their outstanding Performance Rights).
- (f) The Performance Rights are otherwise subject to the following standard terms and conditions:
 - (i) **(No Voting Rights)** The Performance Rights do not entitle the Holder to vote on any resolutions proposed at a general meeting of shareholders of AYG.
 - (ii) **(No Dividend Rights)** The Performance Rights do not entitle the Holder to any dividends.
 - (iii) **(Rights on Winding Up)** The Performance Rights do not entitle the Holder to participate in the surplus profits or assets of AYG upon winding up of AYG.
 - (iv) **(Not Transferable)** The Performance Rights are not transferable.
 - (v) **(Not Quoted)** The Performance Rights will not be quoted on ASX. However, upon conversion of the Performance Rights into Shares, AYG must, within seven (7) days after the conversion, apply for the official quotation of the Shares arising from the conversion on ASX.
 - (vi) **(Participation in Entitlements and Bonus Issues)** Holders of Performance Rights will not be entitled to participate in new issues of securities offered to holders of Shares such as bonus issues and entitlement issues, unless and until the Holder is entitled to convert the Performance Rights, and does so before the record date for the determination of entitlements to the new issue of securities and participates as a result of being a holder of Shares.
 - (vii) **(No Other Rights)** The Performance Rights 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.

3. Conversion of Performance Rights

- (a) A certificate or holding statement will be issued to each Holder for their respective Performance Rights.
- (b) Subject to and conditional upon AYG obtaining all necessary prior shareholder and regulatory approvals for their vesting (including but not limited to shareholder approval under section 611(7) of the Corporations Act), Holders may only convert their Performance Rights by delivering to AYG's Company Secretary, in the period between the relevant Vesting Condition being satisfied and the relevant Expiry Date:
 - (i) the certificate or holding statement for the Performance Rights or, if either or both have been lost or destroyed, a declaration to that effect, accompanied by an indemnity in favour of AYG against any loss, costs or expenses which might be incurred by AYG by relying on the declaration; and
 - (ii) a notice signed by the Holder stating the Holder wishes to convert the Performance Rights and specifying the number of Performance Rights which are converted.
- (c) Vested Performance Rights may be converted in one or more parcels of any size. A conversion of only some Performance Rights shall not affect the rights of the Holder to the balance of the Performance Rights held by the Holder.
- (d) AYG shall issue to the Holder Shares, and deliver holding statements following conversion within 10 Business Days of receipt of the notice described in 3(b)(ii).

- (e) Shares issued following conversion of a Performance Right shall rank, from the date of issue, equally with existing Shares of AYG in all respects.

4. Lapse of Performance Rights

- (a) Subject to clauses 4(b) and 4(c), every Performance Right will lapse immediately and all rights attaching to the Performance Rights will be lost:

- (i) if the Holder ceases to be an employee or Director of, or to render services to, a member of the Group for any reason whatsoever (including without limitation resignation or termination for cause) and the relevant Vesting Condition has not been satisfied; or
- (ii) the Vesting Conditions are unable to be satisfied; or
- (iii) the Expiry Date has passed;

whichever is earlier.

- (b) If the Expiry Date of a Performance Right falls outside any applicable trading window, then the Expiry Date of such Performance Right shall be extended to the close of business on the 10th Business Day during the next applicable trading window.

- (c) If the Holder dies, becomes permanently disabled, resigns employment on the basis of retirement from the workforce or is made redundant by the relevant member of the Group, prior to the Expiry Date of any Performance Rights granted to the Holder (**Ceasing Event**) the following provisions apply:

- (i) the Holder or the Holder's personal legal representative, where relevant, may convert those Performance Rights which at that date:

- (A) have become convertible;
- (B) have not already been converted; and
- (C) have not lapsed,

in accordance with clause 4(c)(iii);

- (ii) at the absolute discretion of the Board, the Board may resolve that the Holder, or the Holder's personal legal representative, where relevant, may convert those Performance Rights which at that date:

- (A) have not become convertible; and
- (B) have not lapsed,

in accordance with clause 4(c)(iii) and, if the Board exercises that discretion, those Performance Rights will not lapse other than as provided in clause 4(c)(iii);

- (iii) the Holder or the Holder's personal legal representative (as the case may be) must convert those Performance Rights referred to in clause 4(c)(i) and, where permitted, clause 4(c)(ii), not later than the earliest of:

- (A) the Expiry Date of the relevant Performance Rights; and
- (B) the date which is 6 months after the Ceasing Event provided that in the case of Performance Rights referred to in clause 4(c)(ii), all Vesting Conditions have been met at that time (unless the Board decides to waive any relevant Vesting Conditions, in its absolute discretion); and

(iv) Performance Rights which have not been converted by the end of the period specified in clause 4(c)(iii) lapse immediately at the end of that period.

(d) Where:

(i) the Holder ceases to be a Holder for any reason whatsoever (including without limitation resignation or termination for cause) prior to the relevant Expiry Date, however the relevant Vesting Condition has been met, the Holder is entitled to convert the Performance Rights for a period of up to 1 month after the date which the Holder ceased to be a Holder, after which the Performance Rights will lapse immediately.

5. Change in Control Event

(a) Change in Control Event means:

(i) the occurrence of:

(A) the offeror under a takeover offer in respect of Shares announcing that it has achieved acceptances in respect of 50.1% or more of the Shares; and

(B) that takeover bid has become unconditional; or

(ii) the announcement by AYG that:

(A) shareholders of AYG have (at a Court convened meeting of shareholders) voted (by the necessary majority) in favour of a proposed scheme of arrangement under which all Shares are to be either cancelled or transferred to a third party; and

(B) the Court, by order, approves the scheme of arrangement.

(b) On the occurrence of a Change of Control Event, the Board may in its sole and absolute discretion determine that any unvested Performance Rights will vest in the Holders, despite the non-satisfaction of any Vesting Conditions and become convertible in accordance with clause 3(b), with such vesting deemed to have taken place immediately prior to the effective date of the Change of Control Event, regardless of whether or not the employment, engagement or office of the Holder is terminated or ceases in connection with the Change of Control Event.

(c) Whether or not the Board determines to accelerate the vesting of any Performance Rights, AYG shall give written notice of any proposed Change of Control Event to all Holders.

(d) Upon the giving of such notice, the Holder shall be entitled to convert, at any time within the 14-day period following the receipt of such notice, all or a portion of those Performance Rights granted to the Holder which are then vested and convertible in accordance with their terms, as well as any unvested Performance Rights which shall become vested and convertible in connection with the Change of Control Event.

(e) Unless the Board determines otherwise (in its sole and absolute discretion), upon the expiration of such 14-day period, all rights of the Holder to convert any outstanding Performance Rights, whether vested or unvested, shall terminate and all such Performance Rights shall immediately lapse, expire and cease to have any further force or effect, subject to the completion of the relevant Change of Control Event.

(f) In any event, the maximum number of Performance Rights that can be converted into Shares and issued upon a Change of Control Event pursuant to this clause 5 must not exceed 10% of the issued share capital of AYG (as at the date of the Change in Control event).

17. Schedule 3 – Unaudited Statement of Financial Position

	ECS Botanics Pty Ltd Audited 31-Jan-19 \$	Axxis Technology Group Ltd Adjustments 31-Dec-18	Pro Forma Adjustments Rights Issue	Pro Forma Adj. Min Unaudited \$	Pro Forma Adj. Max Unaudited \$	Pro Forma Adj. Min Unaudited \$	Pro Forma Adj. Max Unaudited
ASSETS							
Current Assets							
Cash & cash equivalents	1,435,386	45,570	246,890	3,924,519	5,802,367	5,652,365	7,530,213
Trade and other receivables	27,464	18,164		-		45,628	45,628
Inventories	81,550			-		81,550	81,550
Total Current Assets	1,544,400	63,734	246,890	3,924,519	5,802,367	5,779,543	7,657,391
Non-current assets							
Property, plant and equipment	42,301					42,301	42,301
Intangible asset				11,500,000	11,500,000	11,500,000	11,500,000
Total Non-Current Assets	42,301	-	-	11,500,000	11,500,000	11,542,301	11,542,301
TOTAL ASSETS	1,586,701	63,734	246,890	15,424,519	17,302,367	17,321,844	19,199,692
Current Liabilities							
Trade and other payables	27,225	47,354		120,000	120,000	194,579	194,579
Total Current Liabilities	27,225	47,354	-	120,000	120,000	194,579	194,579
TOTAL LIABILITIES	27,225	47,354	-	120,000	120,000	194,579	194,579
NET ASSETS	1,559,476	16,380	246,890	15,304,519	17,182,367	17,127,265	19,005,113
Equity							
Contributed equity	1,755,200		261,890	16,070,000	17,950,000	18,087,090	19,967,090
Reserves	100,500					100,500	100,500
Accumulated losses	(296,224)	16,380	(15,000)	(765,481)	(767,633)	(1,060,325)	(1,062,477)
TOTAL EQUITY	1,559,476	16,380	246,890	15,304,519	17,182,367	17,127,265	19,005,113

18. Schedule 4 – ECS Company and Industry Overview, and Risk Factors

1. ECS Company and Industry Overview

1.1 Hemp Industry Overview

1.1.1 Industrial hemp vs marijuana

Hemp (or industrial hemp) and marijuana come from the same plant genus *cannabis*. There are many different varieties of hemp and marijuana, but they remain genetically distinct including their chemical makeup, use and method of cultivation.

Marijuana is commonly bred for its potent, resinous glands which contain high amounts of cannabinoids, most commonly delta-9-tetrahydrocannabinol (**THC**) and cannabidiol (**CBD**) which are known for their psychoactive properties.

Industrial hemp only contains trace amounts of THC, usually less than 0.3% and is grown as an industrial crop. Despite being an industrial crop, stringent measures are taken by governments in terms of strict licensing arrangements and leaf testing by accredited organisations to ensure THC level are low.

1.1.2 Industrial hemp and its uses

Hemp is a comparatively eco-friendly and versatile crop. Hemp is easy to cultivate and can be harvested and processed into many kinds of products. Historically, the hemp industry has utilised hemp in textiles, paper, stock feed and oil. More recently, the hemp industry has expanded into food products and supplement/nutraceutical sectors.

However, hemp products (and product sectors) are subject to varying levels of regulation in each relevant jurisdiction (see Section 1.1.4 below).

Food products made from hemp seeds are believed to be a good source of essential nutrients without an excess of calories and sugars. Growing demand of non-animal protein also supports the expansion of hemp industry.

Hemp foods are categorised as “superfoods” due to their rich nutritional profile. They are rich in protein, fibre and healthy fatty acids. They have antioxidant effects and may reduce symptoms of numerous ailments, improve the health of the heart, skin and joints.

Hemp food may provide many benefits for its consumers including:

- (a) Hemp seeds provide great nutritional value. They are a high and complete source of protein containing all nine essential amino acids which the body cannot produce and therefore must be absorbed through the diet. Hemp seeds are especially rich in an amino acid called arginine, which has benefits for heart health.
- (b) Hemp seed oil is comprised of nearly 85% essential fatty acids (**EFAs**) and contains high levels of omega-3 and a healthy ratio of omega-6 to omega-3 (3:1 ratio). EFAs and the correct balance of EFAs are essential to nourish and protect brain cells and reduce inflammation. Reducing inflammation may help manage the symptoms of chronic diseases, such as type 2 diabetes, arthritis and heart disease.
- (c) Hemp seeds contain a variety of vitamins and minerals including vitamin E, magnesium, phosphorous and potassium. They are also a good source of iron, zinc and B vitamins, including: niacin, riboflavin, thiamine, vitamin-B6 and folate.

1.1.3 Competitive landscape

The Australian industrial hemp industry is a developing industry. As a result, Australia's industrial hemp industry is fragmented, and many companies who are actively involved in the market are still trying to gain market share and establish long-term relationships with their customers and suppliers.

Hemp is a regulated industry, and Australian hemp market participants need to obtain the required licences to cultivate, supply and manufacture hemp. In addition to meeting the regulatory requirements of the industry, market participants seeking to enter the market need to have specific knowledge and adequate resources in order to gain competitive advantage and differentiate their business model.

ECS Botanics is a vertically integrated hemp food business (insourcing and outsourcing along the supply chain). Currently, there are other companies with a similar business model in the market. Accordingly, ECS' competitors include other companies supplying hemp food in Australia, such as Hemp Foods Australia and Vita Hemp.

1.1.4 Legislative and regulatory framework

Recent changes to regulations in Australia provide that the sale of low psychoactive hemp seeds as food consumption is now permitted in Australia.

The hemp food industry in Australia is nationally regulated by Food Standards Australia New Zealand (**FSANZ**). FSANZ is an independent statutory agency that regulates the use of ingredients, processing aids, colouring, additives, vitamins and minerals in the Australian and New Zealand food industry.

The key legislative instrument governing the Australian hemp industry is the Australia New Zealand Food Standards Code (**ANZFS Code**). FSANZ develops and administers the ANZFS Code. The ANZFS Code is enforced by the food agencies of each state and territory, and the Commonwealth Department of Agriculture and the New Zealand Ministry for Primary Industries and public health units.

The ANZFS Code previously stated that all cannabis species were listed as a prohibited plant, however the ANZFS Code was amended in November 2017 to permit cannabis sativa seeds to be a food for sale or used as an ingredient in a food for sale if (amongst other things):

- (a) the seeds are low THC cannabis sativa (being cannabis sativa where the leaves and flowering heads do not contain more than 1% THC);
- (b) if the food is for retail sale – the seeds are not able to be germinated and are hulled; and
- (c) the only cannabinoids in or on the seeds are naturally present.

Accordingly, the ANZFS Code now allows the following products to be sold as food or used as an ingredient in a food for sale in Australia:

- (a) oil extracted from seeds of low THC cannabis sativa (if the oil contains not more than 10mg/kg of total THC);
- (b) a beverage derived from seeds of low THC cannabis sativa (if the beverage contains not more than 0.2mg/kg of total THC); and
- (c) any other product that is extracted or derived from seeds of low THC cannabis sativa which contains not more than 5mg/kg of total THC.

Prior to this change, hemp products were sold in Australia as cosmetic and skincare products and were not allowed for human consumption.

Globally the use of hemp for industrial uses is broadly accepted and most recently industrial hemp was made federally legal in the United States under the passing of the 2018 Farm Bill. This Bill removed hemp, including its extracts, cannabinoids and derivatives from restrictions under the Controlled Substances Act.

ECS is committed to ensuring that any manufacturer it uses to produce its products is approved by the relevant governing body in the state of production and complies with all applicable standards and regulations including but not limited to licensing requirements and quality management requirements (for example, using manufacturers which have a certified on site product safety program (such as hazard analysis and critical control points, also known as HACCP)).

Accordingly, the legal status of ECS' current business is summarised below:

Commonwealth

Under Commonwealth law, hemp is a controlled plant, a controlled drug and a border-controlled drug/plant and therefore unless permitted by another law, cultivating, selling, manufacturing, trafficking, possessing or importing hemp is unlawful.

However, on 3 May 2017, the Board of FSANZ made a variation to the ANZFS Code permitting hemp seeds to be used as a food for sale or used as an ingredient in a food for low THC hemp.

A licence is required to import or export any hemp or cannabis product into or out of Australia, regardless of the THC levels.

ECS has applied for a national import/export licence, as described in Section 1.4.1 below. As at the date of this Notice, these licences are yet to be granted and the anticipated grant date is unknown.

Tasmania

The Industrial Hemp Act 2015 (Tas) and the Industrial Hemp Regulations 2016 (Tas) regulate the hemp industry in Tasmania and permit the issue of licences in Tasmania for one or more of possession, cultivation or supply of hemp for commercial production, use in any manufacturing process, food production or scientific research.

ECS current holds Tasmanian licences for the cultivation, manufacture and supply of industrial hemp, as described in Section 1.4.1 below.

New South Wales

The Hemp Industry Act 2008 (NSW) and the Hemp Industry Regulation 2016 (NSW) allow farmers to obtain licences to grow low-THC hemp crops for fibre, seed and oil production and for the grant of licences for cultivation and supply of low-THC hemp for any one or more of the following purposes (among others):

- (a) for commercial production; and
- (b) for use in any manufacturing process.

Subject to future operational requirements, ECS may consider applying for a NSW licence for the cultivation, manufacture and supply of industrial hemp.

Queensland

Commercial production of hemp is regulated by the Drugs Misuse Act 1986 (Qld) and the Drugs Misuse Regulation 1987 (Qld), under which a licence may be obtained for growing hemp. Hemp plants must be grown from seed certified to produce plants with no more than 0.5% THC concentration.

ECS currently holds a QLD grower licence for the cultivation of industrial hemp, as described in Section 1.4.1 below.

Commonwealth of Australia Criminal Code

Under the Commonwealth of Australia Criminal Code, it is an offence to cultivate or sell a 'controlled plant', manufacture, traffic or possess a 'controlled drug' or import a 'border controlled drug/plant' (Part 9.1).

The Criminal Code Regulations 2002 provides that any plant of the genus cannabis is:

- (a) a 'controlled plant' (subsection 5B(1));
- (b) a 'border controlled plant' (subsection 5E(1));
- (c) both a 'controlled drug' (subsection 5B(1)) and 'border controlled drug' (subsection 5B(1)) (50 and 51 of Schedule 3, 34 to 36 of Schedule 4 of the Regulations).

The provisions provide further that such cultivation or sale are not an offence if permitted under another law of the Commonwealth of Australia, or a State or Territory where the activities take place (Subdivision 313.1 and subsection 10.5 of the Criminal Code).

1.1.5 Size of the market

As hemp foods were only legalised in November 2017 in Australia, the Directors consider the industry as a fast growing and emerging. The global hemp food market is expected to grow at a compound annual growth rate of 24% between 2018-2022.

Both locally and globally, the industrial hemp (and medicinal cannabis industry) is undergoing transformation and growth – from access to medical and recreational cannabis, legislation of hemp food in Australia and the passing of the 2018 US Farm Bill legalising hemp.

As hemp seeds were only recently legalised in November 2017, there is limited reputable historic data for the industrial hemp food industry in Australia. However, the nearest market reference point is that of the plant-based protein market. The plant-based protein market is expected to register an estimated compound annual growth rate of 7.1%, during the forecast period, 2018-2023. Furthermore, Australia is the third fastest growing vegan market in the world, with 2 million Australians now meat free.

1.1.6 Drivers of growth for hemp food products

As a result of the emergence of hemp seed as a superfood, there is a growing demand locally and globally of hemp food products (such as hemp seed oil, hemp flour, and hemp protein powder).

It is believed that consumption of hemp, which rich in essential fatty acids and essential amino acids, provides additional nutritional value that may reduce the risk of some diseases.

Additionally, hemp food products are attractive in the current food industry as hemp seeds are naturally gluten free. Hemp is also high in protein, an essential macronutrient for the human body. Incorporating hemp as part of healthy diet may increase the overall consumers' wellness.

1.2 AYG and Acquisition Overview

1.2.1 AYG History

Axxis Technology Group Ltd (**AYG** or the **Company**) was incorporated in Queensland on 20 February 1970 and first listed on ASX on 13 March 1986.

AYG restructured its business in 2014, and ultimately divested of its assets, including the sale of its IT services business Annitel to Inabox Group Ltd in January 2015. AYG was suspended from the Official List on 22 September 2016.

AYG has no current assets other than its current cash at bank, and accordingly, the principal activity of AYG during the past years consisted of continuing a wider search for acquisition opportunities that would enable the Company to re-commence active trading in a profitable business sector.

Throughout 2015-2017 AYG investigated various opportunities in order to seek out a suitable business to acquire that would add further value to AYG shareholders. For various reasons, after careful due diligence and review, those potential acquisition opportunities were not successful.

As announced on 15 February 2019, AYG has entered into the binding Term Sheet to acquire 100% of the issued shares in ECS, subject to the terms and conditions of the Term Sheet, and otherwise as set out in this Notice (**Acquisition**). To effect the Acquisition, AYG will be required to re-comply with Chapters 1 and 2 of the Listing Rules (**Recompliance**).

Accordingly, AYG now seeks to be re-admitted to the Official List on the basis of ECS' industrial hemp business.

A summary of the key material terms and conditions of the Acquisition and Recompliance pursuant to the Term Sheet is set out in Section 3.3 of the Explanatory Memorandum, and a summary of ECS' business is set out in Sections 1.3 to 1.6 below.

1.2.2 Acquisition Overview

Pursuant to the Term Sheet, AYG is seeking to acquire 100% of the issued capital of ECS Botanics Pty Ltd with the view to be re-admitted to the Official List on the basis of ECS' industrial hemp business. ECS is a private Australian agribusiness and food company, details of which are set out in Section 1.3 below.

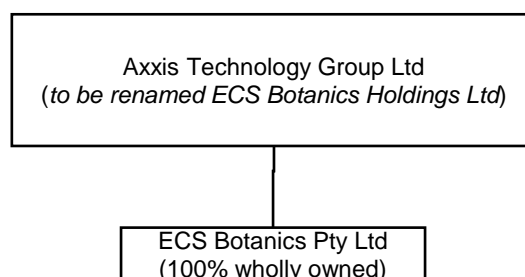
Favourable law change with respect to the consumption of hemp foods has pushed Australia's hemp industry upward. Additionally, it is shown that hemp seeds are exceptionally rich in omega-6 and omega-3 which subsequently increases demand of hemp products. Moreover, over the past 12 months, it can be seen that there is a shift in the consumers' preference. Given that people are more conscious about their health and becomes more aware of the importance of healthy and balance diet, the society in general prefer plant-based diet. This is supported by the fact that the number of vegan products in the market has increased significantly.

Accordingly, AYG believes that the acquisition of ECS Botanics would provide an opportunity for the Company to be exposed to Australia's hemp industry. The positive growth of hemp industry would be able to help the Company grow and subsequently creating value for its shareholders.

Shareholder approval for the Acquisition is being sought at Company's General Meeting on pursuant to this Notice of Meeting. Pursuant to the Term Sheet, the Acquisition is subject to certain conditions precedent, including a successful Public Offer capital raising under this Notice, Shareholder approvals, ASX approvals, and other general terms and conditions, as set out in Section 3.3 of the Explanatory Memorandum.

1.2.3 Corporate Structure following Acquisition

Subject to the completion the Acquisition pursuant to the Term Sheet, the corporate structure of the Company is set out below:



1.3 ECS Botanics and its Business Model

1.3.1 ECS' core business – Industrial Hemp

ECS Botanics Pty Ltd (ACN 624 153 331) is an early stage agribusiness and food company with a main focus on industrial hemp. ECS' office operates out of New South Wales, and its current farming activities are based in Tasmania and Queensland.

ECS was founded by Alex Keach and incorporated on 1 February 2018 in response to the changes in ANZFS Code in November 2017.

ECS' vision is to establish a leading industrial hemp company, with the aim to obtain and maintain the necessary licences granted to cultivate, manufacture and supply hemp food products throughout Australia.

The strategy applied by ECS is to operate across the industrial hemp food supply chain, insourcing and outsourcing where required. The ultimate objective of ECS is to be the leading hemp food supplier in Australia, and subject to growth and regulatory compliance, potentially in other countries.

ECS aims to take advantage of the hemp industry growth by launching a range of wholesale and retail hemp food products in Australia, with the following key goals:

- (a) to continue to cultivate its existing supply of hemp, and to expand its level of hemp cultivation;
- (b) manufacture and sell a suite of wholesale hemp products, and innovative retail hemp food products to generate revenue;
- (c) to develop strategic and agile business activities to take advantage of the dynamics of the growing Australian hemp industry;
- (d) to be committed to obtaining and maintaining regulatory compliance (with a focus on keeping up to date with any regulatory changes).

Based on the benefits of consuming hemp food products and growing demand of vegan and plant-based proteins and more alkaline foods, the team of ECS Botanics believe that hemp industry is likely to experience rapid growth in the near future.

ECS aims to enter the hemp food industry by launching its range of retail and wholesale hemp food products in the second to third quarter of 2019. ECS Botanics has entered into various agreements with third-parties along the supply chain that would help ECS to achieve its goals.

Currently, ECS cultivates its own hemp seed and also sources hemp seed supply from its Tasmanian based suppliers.

ECS aims to work directly with farmers to develop a high quality supply of hemp seed that will be used as a key raw material for all of its the hemp food product range. ECS also actively engages with its key suppliers, processors and manufacturers. Given these close relationships, ECS anticipates it will be able to react rapidly and respond to change in customer trends and preferences swiftly.

ECS plans to expand its distribution channel further and increases direct channel sales to customers. This would be done by engaging more aggressively with both large and smaller size retailers, including, supermarkets, retailer stores, and online marketplaces.

Tasmania has long history of producing high quality food and plant-based pharmaceuticals with a clean green image, low cost operating environment, strategic geographic location and supportive local government.

Additionally, ECS has strategically secured storage facilities for its hemp grain. ECS currently owns two 35 tonne silos, being a 70 tonne storage capacity which is capable of storing this season's crop. ECS' growth strategies include seeking to expand its storage facilities in line with its anticipated increase in production volumes.

ECS currently relies on its third-party hemp suppliers and its own leased property in Tasmania for the supply of hemp seed.

ECS has an option to purchase the Tasmanian property which it currently leases, the properties location and attributes lends itself to becoming a key asset of ECS and its future expansion.

ECS anticipates that its supply and subsequent wholesale volumes will be underpinned by a diverse grower network in Tasmania and ECS' strong strategic relationships with its third-party contractors. ECS has arranged various agreements along its supply chain to streamline the production of its hemp food products, in order maximise benefits to the business ("**Seed to Sale**" Approach).

ECS' "Seed to Sale" Approach is important to reduce risks along the supply chain and to keep ECS' team at the pioneering front of hemp industry knowledge.

The first crop of ECS' hemp was harvested in March 2019 and is currently being processed, with the first sales of ECS' products anticipated to occur towards the end of the second to third quarter of 2019.

1.3.2 ECS' potential non-core business – Medicinal Cannabis

In addition to the hemp food product business described above, ECS has applied for medicinal cannabis licenses with Office of Drug Control for the cultivation and manufacturing of medicinal cannabis.

If these licence applications are granted, they may form a non-core complementary facet to ECS' business.

If the medical cannabis licenses are granted ECS will undertake a feasibility study as to the economics of cultivating high CBD cannabis strains and manufacturing full plant extracts and isolates for the domestic and export market (subject to all regulatory requirements).

Currently, the timeframe for grant of the medicinal cannabis licences is unknown.

1.3.3 Intended revenue streams

As an early stage company, ECS is not currently generating any revenue.

However, pursuant to its business model, ECS intends to generate revenue through the sale of wholesale and retail hemp food products.

ECS' initial target market for their hemp food products will be Australian consumers.

The first crop of ECS' hemp was harvested in March 2019 and is currently being processed, with the first sales of ECS' products anticipated to occur towards the end of the second to third quarter of 2019.

ECS has also engaged a third party hemp seed supplier. The additional hemp seed supply is expected to be shipped to ECS in the third quarter of 2019 for planting of a further crop in the final quarter of 2019 (anticipated to be ready for harvest by the end of the first quarter of 2019).

ECS' business model separates their core business into wholesale and retail sales:

- (a) Wholesale business involves the sales of the hemp food products to wholesalers and the related subordinated services. The wholesale products will be sold as bulk ingredients, including bulk hemp hearts (dehulled hemp seed), bulk hemp seed oil, hemp protein powder and hemp flour.
- (b) Retail sales involves the sales of retail sized and ready-to-consume hemp food products to standard retail customers. At this stage, ECS' retail product suite includes hemp seed oil by the bottle, hemp heart pouches, hemp seed oil capsules, curry sauces and soups containing hemp seeds, hemp seed protein mixes, and hemp seed superfood boosters (which are combinations of hemp seed and other superfoods which can be added to cereals, muffins and smoothies for added health and flavour benefit).

1.3.4 Product Suite

Following a successful harvest in March 2019, ECS has begun to process the harvest that will be manufactured into wholesale products and be manufactured into retail products, with first sales anticipated to occur towards the end of the second quarter or third quarter of 2019.

ECS' wholesale products are to be sold to customers manufacturing their own hemp food products or using hemp as an ingredient in their products. The wholesale product range includes:

- (a) bulk hemp seed oil;
- (b) bulk dehulled hemp seeds (also known as hemp hearts);
- (c) bulk hemp protein powder; and
- (d) bulk hemp flour.

The retail ECS product range will be offered to standard retail customers as a final product ready for consumption, including:

- (a) retail sized packets of hemp hearts and hemp seed oil (versatile products which can be used in a variety of ways, such as added to protein shakes, salads, cereals soups etc); and
- (b) Flavour Makers manufactured retail products which include soups, protein powders, a dressing, curry sauces and smoothie boosters.

Specifically, the following retail products have been developed:

- (a) Mexican Spiced Bean Soup with Hemp;
- (b) Indian Masala Lentil Soup with Hemp;
- (c) Thai Green Curry with Hemp;

- (d) Thai Coconut Curry with Hemp;
- (e) Hemp Super Food Booster (Flaxseed, Cocoa & Berries);
- (f) Hemp Super Food Booster (Flaxseed, Almonds, Walnuts, Peanut);
- (g) Citrus & Pinto Bean Dressing with Hemp;
- (h) Hemp Protein Mix (Flaxseed, Chia & Spinach); and
- (i) Hemp Protein Mix (Flaxseed, Chia, Cacao & Beetroot).



1.3.5 Key Clients/Customers

Combining internal and external expertise, ECS is on the right track to commercialise various hemp food range following the recent legalisation of hemp foods in Australia.

However, a material proportion of ECS' revenue will be derived from uncontracted customer relationships, with sales made under standard terms and conditions (as is considered standard in the Australian industry).

Due to the nature of the uncontracted sales, ECS cannot guarantee the consistency of the sales, price, volumes or terms going forwards. Potential investors should note that this could adversely affect the Company's profit and financial performance.

However, in addition to the uncontracted customer relationships, ECS Botanicals has a number of contracted and uncontracted arrangements for the supply chain in place:

(a) Agricultural agreements

To support the growth of ECS' hemp seed cultivation, ECS has an agreement with cropping service providers in regard to sourcing hemp seed growers on behalf of ECS, provide information and agronomic guidance, which include site visits, and providing various necessary agriculture contracting services to farmers where required.

(b) Supply agreements

ECS also engaged an external hemp seed supplier and agronomic service provider to support its business operation. The additional hemp seed supply is expected to be

shipped to ECS in the third quarter of 2019 for planting in the final quarter of 2019. ECS will use this secondary supply of hemp seed to increase the business capacity in anticipation of higher hemp food demand in near future.

(c) Manufacturing agreements

ECS has entered into contracts and arrangements with various product manufacturers, to enable the processing and manufacture of ECS' wholesale and retail hemp food products. In particular, ECS is proud to have engaged Flavour Makers to produce ECS' retail products.

ECS has worked with Flavour Makers to develop a range of 9 innovative retail hemp food products, as described in Section 1.3.4 (with product manufacturing test runs complete and the suite being ready for production, subject to processing of the current harvest).

Flavour Makers has over 25 years' experience offering complete end-to-end food development and manufacturing solutions, providing world class private label products for major local and global retailers such as Woolworths, Coles and Walmart. ECS intends that Flavour Makers will support the growth in the current range of ECS products and the expansion of ECS' food product portfolio.

(d) Distribution agreements

Given that the ECS business will be driven by revenue generated from wholesale and retail product sales, ECS has entered into an agreement with an independent retail supermarket group for the stocking and distribution of ECS' hemp food products – when the company has commenced full scale commercial production. Additionally, ECS has received various non-binding letters of intent with other distributors and stores expressing a strong interest in stocking and distributing ECS' wholesale and retail products.

1.4 ECS' Regulatory Licences and Intellectual Property

ECS holds a number of granted regulatory licences, which permit operation of its hemp food product business in Tasmania and Queensland, together with national import/export licence applications, as set out on the following page.

ECS has made applications to protect the intellectual property required to operate its business at its current stage (see Section 1.4.2 below).

1.4.1 ECS' Regulatory Licences

Licence Reference, Jurisdiction, and Status	Issuing Authority	Term and Renewal	Material Licence details and conditions **
IH 050 Tasmania (Granted Industrial Hemp Licence for Commercial Purposes)	Depart of Primary Industries, Parks, Water and Environment Tasmania	Issue Date: 6th November 2018 Renewal Date: 3rd April 2023	Licence to CULTIVATE, SUPPLY AND MANUFACTURE Industrial Hemp for Commercial purposes Conditions: must be for non-therapeutic use
IHR 051 Tasmania (Granted Industrial Hemp Licence for Research Purposes)	Depart of Primary Industries, Parks, Water and Environment Tasmania	Issue Date: 6th November 2018 Renewal Date: 3rd April 2023	Licence to CULTIVATE, SUPPLY AND MANUFACTURE Industrial Hemp for Research purposes Conditions: must be for non-therapeutic use
G095 Queensland (Granted Industrial Hemp Licence for Commercial Purposes)	Department of Agriculture, & Fisheries, Biosecurity Queensland	Issue Date: 4 April 2019 Renewal Date: 3 April 2019	GROWER License for the commercial cultivation of Industrial Hemp Conditions: must be for non-therapeutic use.
TBA* National (Application for Hemp Import Licence)	Australian Federal Government, Department of Health - Office of Drug Control / Therapeutic Goods Administration	Issue Date: TBA – in application phase Renewal Date: TBA	Licence to IMPORT under Regulation 5 of the Customs (Prohibited Imports) Regulations 1956, Conditions: TBA, pending grant.
TBA* National (Application for Hemp Export Licence)	Australian Federal Government, Department of Health - Office of Drug Control / Therapeutic Goods Administration	Issue Date: TBA – in application phase Renewal Date: TBA	Licence to EXPORT under Regulation 10, 10A, 10B, 10C, 10D , 10E and 10F of the Customs (Prohibited Imports) Regulations 1956 Conditions: TBA, pending grant.
TBA* National (Application for Medicinal Cannabis Licence)	Australian Federal Government, Department of Health - Office of Drug Control	Issue Date: TBA – in application phase Renewal Date: TBA	License to CULTIVATE Medicinal Cannabis Conditions: TBA, pending grant.
TBA* National (Application for Hemp Medicinal Cannabis Licence)	Australian Federal Government, Department of Health - Office of Drug Control	Issue Date: TBA – in application phase Renewal Date: TBA	License to MANUFACTURE Medicinal Cannabis Conditions: TBA, pending grant.

* Licence Reference Numbers are yet to be confirmed, reference numbers will be allocated if and when the licence applications are granted.

**Licences are otherwise subject to standard terms and condition under the applicable legislation.

1.4.2 Intellectual property

ECS currently has applications pending to trademark its name and logo in Australia, and its name in China and South Korea.

1.5 ECS' Key Strengths

1.5.1 Hemp Focussed

Unlike many companies in the cannabis space, ECS Botanics has an industrial hemp focus, rather than a medicinal cannabis focus.

ECS views this as a distinct value driver due to lower level of regulatory scrutiny, lower levels of capital required to build revenues, and time of products to market.

ECS' business has a relatively high exposure in Tasmania, and ECS plans to leverage the Tasmanian clean and green image where relevant. Tasmania is a well-established and low risk agriculture hub, where farmers have relevant experience in growing similar crops (i.e. poppies, vegetables, cereals), with many necessary agricultural services readily available and established.

1.5.2 Capability for growth

ECS has obtained both research and commercial licenses to cultivate, supply and manufacture hemp seed.

ECS and its team has a high degree of industry knowledge of industrial hemp farming and the supply chain in which it operates. This capability continues to grow as the ECS team expands, the industry grows and the demand for wholesale and retail hemp food products grows. and we gain more experience.

ECS management believes ECS has the ability and capacity to grow commercial crops and through its network and agreements, has the ability to increase its cultivation volumes and support this growth.

1.5.3 New product development

ECS monitors the landscape of hemp food products, trends and customer preferences.

ECS intends to continue to work with Flavour Makers to develop new and innovative food products to add to its range.

ECS' product development monitoring and capabilities will assist ECS in increasing its competitive advantage, expanding market share and supporting revenue growth.

1.6 ECS' Growth Strategy

1.6.1 Organic growth

The ECS Botanics team aims to continually grow the business by expanding its product offering and working closely with its customers, suppliers and farmers in order to manage this growth, and in doing so maintain and improve the quality of its products.

In respect of growth strategies for ECS' retail business operations, ECS has the following aims:

- (a) growing the ECS brand in the market and building brand equity and consumer following, utilising in store promotion and social media;
- (b) expanding ECS' retail footprint by expanding its sales team and employing a sales executive and marketing executive; and
- (c) developing additional innovative hemp food products.

Regarding ECS' wholesale business growth strategies, ECS has the following aims:

- (a) wholesale volumes and revenues are closely related to the number of hectares ECS is able to contract via its grower base in Tasmania. ECS expects to expand its grower base and therefore volumes;
- (b) as ECS' volume expands, ECS intends to hire procurement experts to help the Company revise, direct and streamline its business model;
- (c) ECS, via its cropping arrangements with third parties, will seek to provide a quality service to growers in order to increase position in market, and increase the quality and yield of the hemp seed being cultivated; and
- (d) as ECS continues to grow and the industrial hemp industry develops, ECS aims to investigate opportunities to lower its operational costs and increase economies of scale within the business.

1.6.2 Acquisition growth

The hemp industry is highly fragmented, consisting of many small market participants who are selling their hemp food products under their own brand. Accordingly, current market participants in the market are competing to establish a foothold in their respective markets.

Although acquisition involvement is not a current or key focus of the business at this stage, by combining the operational experience, industrial knowledge and the industry connections of ECS' management, the ECS team believes there may be future potential that ECS may seek to be involved in acquisitions in the industrial hemp sector, including partnerships and joint ventures which are complementary to the existing business of ECS.

2. Risk Factors

2.1 Introduction

There are specific risks which relate directly to the Company and ECS' business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Securities.

The following is not intended to be an exhaustive list of the risk factors to which the Company or ECS is exposed.

2.2 Transaction specific and AYG specific risks

(a) Reconciliation, removal of suspension and additional requirements for capital

Due to the Company's long-term suspension, and the change in nature and scale of activities which will result from completion of the proposed Acquisition of ECS, ASX requires the Company to conduct the Reconciliation. Refer to Section 3.3 of the Explanatory Memorandum for the key terms of the Acquisition and Reconciliation.

The Company's Securities have been suspended since 22 September 2016 and the Company Securities will remain suspended until all necessary shareholder and regulatory approvals are obtained, completion of the proposed Acquisition and until the Company satisfies any re-admission conditions imposed by ASX (which include the Conditions of the Offers).

The Acquisition under the Term Sheet is subject to the Conditions of the Offers. There is a risk that Shareholders will not approve the Acquisition and/or Reconciliation, and/or ASX will not grant the relevant approvals, or that the Company may not be able to satisfy the Reconciliation conditions imposed by ASX. In this event, the Company's Securities will remain suspended from trading.

As a result of the current Listing Rules and ASX Guidance Note 33, AYG is of the understanding that it may be removed from the Official List on 22 September 2019 (unless it is able to re-comply with Chapters 1 & 2 of the Listing Rules). AYG is seeking

to meet this requirement by completing the Acquisition and Recombliance. However, there is a risk that if the Acquisition and Recombliance are not completed by this date, AYG will be removed from the Official List.

The Company's securities will continue to remain in suspension on and from the date of the General Meeting until such time that the Conditions of the Offers are satisfied, ASX grants the Company conditional listing approval, and the Company is able to satisfy ASX's listing conditions. Should the Acquisition not complete, the Company will remain in suspension until such times (if at all) that an appropriate asset is identified and acquired by the Company. There is a risk that the Company may not be able to acquire an appropriate asset and consequently be unable to requote its securities on ASX.

(b) Significant dilution risk

The Company currently has 47,591,067 Shares on issue. Following the Completion of the Acquisition and Recombliance (including the Offers under the Prospectus), the Company's ordinary Shares will increase from 47,591,067 to up to 507,591,067 based on the Maximum Subscription (refer to the capital structure set out in Section 3.9 of the Explanatory Memorandum for further details). Accordingly, based on these numbers, existing Shareholders are expected to be diluted by approximately 90.62% on completion of the Acquisition and Recombliance and will represent a significantly lower proportion of the ownership of the Company upon reinstatement.

It is not possible to predict what the value of the Company, ECS, or a Share will be following completion of the Acquisition and Recombliance, and the Directors do not make any representation as to such matters. The last trading price of Shares on ASX prior to AYG's suspension on 21 September 2016 of \$0.10 is not a reliable indicator as to the potential trading price of Shares after completion of the Public Offer, Acquisition and Recombliance.

2.3 ECS specific risks

(a) Business strategy risk and limited history

Potential investors should consider that ECS is an early-stage enterprise and hemp industry is relatively new, the existing market and the target market is still uncertain and is currently being established. Thus, investing in ECS is highly speculative and involves several significant risks.

ECS' future success is heavily reliant on executing its business plan.

This phase of ECS' growth carries significant risk and there is no assurance the Company will achieve these aspects of its business plan. Since the hemp industry is relatively new, the risk of not successfully executing its business plan is increased.

If ECS is unable to successfully develop these objectives, or if it develops slower than anticipated, there may be an adverse impact on ECS' ability to generate revenue, its financial statements and its ability to fulfil stakeholders' required return.

(b) Establishment and implementation of new legislative regime

ECS' business in Australia operates under the ANZFS Code. Changes to the ANZFS Code came into effect from 12 November 2017 when it approved the sale of low-THC hemp seed foods.

Whilst this can be seen as an opportunity for the business to grow, as with any legislative and regulatory change, there is a natural period of uncertainty whilst regulators, market participants and consumers interpret and respond to the change.

(c) Obtaining and retaining licences and permits

ECS' business model is particularly reliant on obtaining the necessary licences and permits issued by the relevant state governing bodies to cultivate, process and manufacture hemp seeds and sales of hemp food products in both wholesale and retail sectors.

ECS has the necessary licences to cultivate, supply and manufacture hemp seeds in Tasmania and Queensland, and has applied for national import/export licences. The Company has the required permits to operate its current business as described in Section 1.4. While the Directors have no reason to believe that ECS will not be in a position to maintain its regulatory permits, any change to the regulatory systems which results in ECS not being able to maintain its licences or, which result in licences to being renewed on terms not favourable to ECS, ECS may not be able to undertake the activities for which the relevant licence is required and this would materially adversely impact ECS and its performance.

Potential investors should note that the Company has applied for medicinal cannabis licences (for cultivation and manufacturing) from the Office of Drug Control and is currently waiting for approval. The length of time for approval is currently unknown. There is no assurance or guarantee that the licences will be granted to ECS. A failure to obtain such approvals, licences, or permits will result in ECS being unable to undertake the activities for which the relevant licence or permit is required. This may adversely affect ECS' ability to generate revenue from this non-core area of ECS' business, which may reduce ECS' overall potential profitability.

Under the Australian industrial hemp and medicinal cannabis regulatory regime, the Office of Drug Control in Australia (and each state governing body) requires that when a company applies for an industrial hemp licence or medicinal cannabis licence, the directors and shareholders of the applicant company must pass the "fit and proper persons" test.

If the Acquisition proceeds, ECS will become a wholly owned subsidiary of AYG. AYG is a public company and is applying to be re-admitted to the Official List of the ASX. If successful, the Board cannot control the transfer of shares in AYG or the election of new directors to its Board. If a new shareholder or director of AYG is deemed by the Office of Drug Control (or other applicable state governing body) to be a person with substantial influence over the conduct of ECS and that that person is not a fit and proper person, the licence is likely to be revoked.

(d) Product liability risk

There is a risk that ECS' products may have actual or perceived safety or quality failures or allegations of defective products which could result in:

- litigation or claims by the parties affected;
- regulatory authorities revoking or altering any approvals granted, or forcing ECS to conduct a product recall;
- regulatory action or being held liable for any harm caused to customers;
- damage to ECS' brand and reputation;
- negative impact on the Company's insurance coverage; or
- ECS being forced to terminate or delay sales or operations.

Despite best practice by ECS with respect to the manufacture and supply of its products and any insurance that ECS may hold, the risk of defective products remains and may negatively impact ECS' operations and financial prospects.

(e) Workplace health and safety risk

ECS' business involves farming which is inherently risky for the staff employed in that

area. Other (non-farming) employees of ECS may be exposed to risks whilst working or travelling for work.

ECS must comply with various health and safety laws in Australia. There is a risk that penalties and other liabilities for the breach of health and safety law and standards may be imposed on ECS and may have an adverse effect on ECS' reputation and its revenue, profitability and growth.

(f) Agricultural risk

ECS Botanics grows hemp seed and its business is therefore, subject to the risks associated with farming which include weather variability, insects and plant diseases, water salinity, bird damage, pests and access to adequately irrigated land.

Risks also include identifying and gaining access to geographic locations that display the best weather and soil conditions for growing hemp on a large scale.

Whilst ECS' management will endeavour to mitigate these risks with research and planning, any adverse outcomes in respect of these matters for ECS or its suppliers may adversely affect ECS' activities and operations.

(g) Manufacturing and production risk

The ability for ECS Botanics to cultivate and produce products is dependent on a number of key inputs and their related costs. These key inputs include raw materials, electricity, water, other utilities and skilled labour. Any significant interruption or negative change in the availability or cost of these inputs could materially impact the production of the business and subsequently, the operating results of ECS.

In particular, given the nature of the raw materials used by ECS, supply may be limited to a single or limited number of suppliers, with access to these raw materials more competitive than conventional ingredients. As a result, there is an enhanced risk of difficulties in securing the required supplies, or to do so on appropriate terms.

See also Section 2.3(i) below for the related risk associated with ECS' suppliers.

(h) Loss of key customers

ECS Botanics are reliant on various third-party contracts (binding and non-binding) throughout its business operations.

To the extent that ECS cannot obtain and/or retain customer or distributor contracts (due to disputes, increased competition or changes in the market), ECS' revenue, profitability and growth, additionally, financial performance may be materially and adversely affected. See 2.3(i) below for more information in relation to the related risk with respect to suppliers.

Furthermore, should consumers' sentiments towards hemp food decline in future, there may be an adverse impact on ECS' operations and the financial performance of the Company.

(i) Supplier arrangements

The ability of ECS to cultivate and manufacture products for supply in the Australian industrial hemp market is dependent on a number of key suppliers and their related costs. As with any cultivation or manufacturing operation, the availability of reputable suppliers of key inputs and any significant interruption or change in availability or costs of key inputs could materially impact the production process and hence the products available for supply. Subsequently, this would affect the operating results of ECS during the period which these risks materialise.

If, in future, ECS cannot secure or retain key suppliers, its ability to maintain consistent production levels may be comprised, which in turn may have a material adverse impact on the financial performance of the Company.

ECS is reliant on its third party manufacturers, distributors and logistics providers. ECS has mitigated this risk by selectively in-sourcing and outsourcing various elements of the supply chain, in particular in the areas of cultivation, water licences, irrigation, storage and manufacturing.

However, all of the Company's contracts carry a risk that the third parties do not fulfil their respective obligations fully, or adequately. A failure of a third party or third parties to fulfil their contractual obligations may lead to termination of that contract or damage to ECS' reputation, profit and sale opportunities.

Additionally, while ECS intends to employ a range of suppliers, manufacturers and producers, a loss of one or multiple suppliers will disrupt the supply chain and could have a material adverse effect on the Company.

(i) Cultivation

With respect to cultivation, ECS is leasing farmland in Tasmania to guarantee a supply of hemp seed and produce a product to the specifications it requires. Generally, the supply of hemp seed in Australia has been limited and ECS' ability to de-risk itself by producing its own hemp seed is an advantage. Should the ability to produce hemp seed from this farmland due to the lease not being renewed or other agricultural risk affecting the farmland, the advantage gained by ECS growing its own hemp seed will be lost.

ECS' farm lease in Tasmania includes two 32 million litre water licences from the Cressy Longford Irrigation Scheme and two new centre pivot irrigation systems. Adequate irrigation is essential to producing a crop and the level of irrigation directly affects the quality and yield of the crop. ECS' water licence and the licence of the irrigation systems ensures an adequate supply of irrigation to its crops. However, the termination or expiration of the lease and water licence arrangement will have a significant negative impact on ECS' operations.

(ii) Storage

ECS owns two 35 tonne aerated silos located in Tasmania and has leased another 10 tonne silo and shed space to accommodate all of ECS' hemp grain supply, and therefore, ECS' has substantially mitigated risks associated with its need for critical storage space for its grain.

However, the termination of ECS' right to use of the 10 tonne silo and shed space would negatively impact ECS' ability to store adequate quantities of its hemp grain and therefore negatively impact its operations as a whole.

(iii) Manufacturing

ECS outsources its manufacturing and production processes as it does not have internal manufacturing or production capabilities or facilities. This reliance on third parties to conduct this essential aspect of its business is a material risk to ECS.

ECS has worked to mitigate this risk by developing strong commercial business relationships with these third parties, and outsourcing its manufacturing and production activities to companies that have longevity and excellent reputations in Victoria and Tasmania. ECS currently has an agreement with one manufacturer to manufacture its retail products and an agreement with another company to process and manufacture ECS' hemp seed oil.

These agreements ensure that the risk of outsourcing this aspect of ECS' business is decreased, and the future manufacturing and processing is assured to the extent of these agreements.

(iv) Logistics

As ECS relies on outsourced logistics, events such as strike, an increase in the cost

of energy, changes in transport services or destruction of infrastructure may mean ECS cannot supply and deliver the Company's products.

(j) Competition risk

The hemp industry is subject to growing domestic and international competition. While ECS will undertake all reasonable due diligence in its business planning and operations, however it has no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company. For example, ECS' competitors may be more adequately resourced than ECS and therefore can operate more efficiently and at a lower cost.

Further, ECS currently has a suite of hemp food products, however without the benefit of ongoing product differentiation, its products may become uncompetitive resulting in adverse effects on revenue and profitability. If ECS cannot adapt to meet its competitors increased efficiency, it may result in loss of market share and lower profit margins.

(k) Uncontracted arrangements risk

A large proportion of ECS' business relationships are the subject to agreements which are subject to standard terms and conditions rather than comprehensive agreements which protect ECS' interests (as is considered standard in the food industry).

Given the nature of these contractual relationships, it is not possible for ECS to contractually guarantee consistency of sales volumes, price or terms going forward.

Further, there is a risk that these customer relationships may not be able to be maintained, or new relationships may not be formed on terms acceptable to the Company.

(l) Reputation, trade marks and protection of intellectual property

ECS believes that reputation and brand recognition are important to its business and the effective protection of intellectual property rights is critical to its interest.

ECS depends on its reputation and the reputation of its third party suppliers – damage to the third party's reputation will effect ECS' reputation and therefore profitability and operations.

ECS cannot guarantee that there will not be any unauthorised use or misuse of its brands, given that the Company currently has applications pending to trademark its name and logo in Australia, and its name in China and South Korea. Any infringement may be detrimental to ECS' reputation and may lead to costly and time-consuming litigation or adversely affect ECS' financial performance.

To the extent that ECS relies upon its own intellectual property to conduct its business, it will need to protect its intellectual property. However, there may be circumstances where ECS' intellectual property and related licences cannot be protected or are subject to unauthorised disclosure, infringement or challenge by a third party.

If ECS does not protect its intellectual property or infringes a third party's intellectual property, it may have to cease using certain intellectual property or be liable for damages to that third party. This may also have an adverse impact on ECS' operations, financial performance and future prospects.

(m) Key personnel and management risk

The Company's operational success will depend substantially on the continuing efforts of senior executives. The loss of services of one or more senior executives may have an adverse effect on the Company's operations. Furthermore, if the Company is unable to attract, train and retain key individuals and other highly skilled

employees and consultants, its business may be adversely affected.

(n) Technological and Innovation risk

ECS Botanics will need to stay well informed with respect to technologies and products in relation to cultivation, manufacturing and supply of hemp food products. ECS' failure to employ the latest technologies to its processes and procedures will result in a downturn in its competitiveness and ultimately financial performance.

(o) Risk of adverse future regulatory changes

The operations and proposed operations of ECS Botanics are subject to a variety of laws, regulations, and guidelines in its market, at federal and state levels including (but not limited to) product content requirements, labelling and packaging, regulations, environmental food standards and tax laws.

The introduction of new legislation or amendments to or changes to the practical effect of existing legislation by governments in relation to the legislation which governs ECS' business, could impact adversely on the assets, operations and the financial performance of ECS.

(p) Requirement for additional funding and cost overruns

The funds to be raised under the Offer are considered sufficient to meet the current objectives of the Company. Despite management's effort to accurately estimate future costs, costs may exceed expected levels. If this occurs, additional funding may be required from time to time to finance its longer term objectives. The Company cannot give assurances that additional funding can be raised on favourable terms, if at all. ECS may never achieve profitability.

Additionally, the Company may discover further opportunities arise for capital expenditure, acquisitions or joint ventures. Should such events occur, the Company will look to raise additional funds via equity financing, debt financing or licensing arrangements. Failure to obtain sufficient funding may result in delay and indefinite postponement of the Companies activities. There can be no assurance that additional financing will be available when needed, on terms appropriate to the Company or that do not involve substantial dilution to Shareholders.

(q) Insurance

ECS will endeavour to maintain insurance to mitigate the risks that the Company will face. However, ECS cannot insure against all risks, or guarantee that the level of insurance cover it obtains will be adequate, either because appropriate or necessary cover is not available or because Directors consider the required premiums to be excessive in relation to the benefits that would accrue.

If ECS incurs losses or liabilities for which it is uninsured, this may have a negative impact on the Company's financial performance and ability to operate its business.

(r) Counterparty and credit risk

The business operations of ECS require the involvement of a number of third parties, including suppliers, contractors. Not being able to reach a binding agreement with a third party, financial failure, default, or contractual non-performance on the part of such third parties including failure to pay amounts due to ECS pursuant to its agreements, may have a material impact on the operations and performance of the Company.

(s) Commodity price risk

ECS' business is subject to Australian and overseas hemp commodity prices. Prices of commodities (including agricultural commodities such as hemp) vary and are affected by a variety of local and global factors that are beyond the control of the Company.

These factors include (but are not limited to) local and global supply and demand, production costs; weather and environmental conditions, governing authority regulations and flux (such as local and global growing programs and policies, sanctions and barriers), and also local and global plant diseases. Commodity prices are also affected by general local and global economic conditions.

Adverse changes in commodity prices may have an adverse impact on ECS' operations and business.

(t) Unforeseen risks

There may be other risks which Directors or management are unaware of at the time of issuing this Notice or the Prospectus which may impact on ECS, its operations and/or the valuation and performance of ECS.

2.4 General risks

(a) Equity market conditions

Securities listed on the stock market can experience extreme price and volume fluctuations that are often unrelated to the operating performances of such companies. The market price of Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general.

General factors that may affect the market price of Shares include economic conditions in both Australia and internationally (particularly Australian, US and Chinese economic conditions), investor sentiment, local and international share market conditions, changes in interest rates and the rate of inflation, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

(b) Force majeure

Events completely out of the control of ECS have the potential to negatively impact the Company's operations including, for example, war, political unrest, riot, extreme weather conditions, strikes, explosion, terrorist activity and product sabotage.

(c) Litigation risks

The Company is exposed to possible litigation risks including intellectual property claims, contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

(d) Reliance on key personnel

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(e) General economic and political risks

Changes in the general economic and political climate in Australia and on a global basis may impact on economic growth, such as, interest rates, the rate of inflation, taxation and tariff laws and domestic security, which may affect the value and viability of any activities that may be conducted by the Company.

(f) Shareholders may be diluted

In the event that the Company elects in the future to issue shares or to raise further

capital to fund investments or acquisitions, shareholders may have their shareholding diluted as a result of such share issues or capital raising. Any capital raising or share issue must be conducted in accordance with the Listing Rules and the limits on the securities that a listed company may issue in any 12-month period.

(g) Unforeseen expenditure risks

Expenditure may need to be incurred which has not been taken into account in the preparation of this Notice or the Prospectus. Although the Company is not aware of any such additional expenditure requirements, however if such expenditure is subsequently required or incurred, this may adversely impact budgeted expenditure proposals by the Company.

(h) Corporate and business taxation

ECS is currently subject to a range of taxation obligations, potentially including income taxes (Australia federal, state, county and municipal income taxes), indirect taxes (Australian Goods and Services Tax), payroll taxes, superannuation and pension obligations, property taxes, and other taxes and levies.

There is potential for changes to any domestic tax laws. Any change to the current rates of taxes imposed on ECS is likely to affect returns to shareholders.

Any change in tax rules and tax arrangements or their implementation could have an adverse effect on the level of shareholder returns.

2.5 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under the Prospectus.

Therefore, the Securities carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to the Prospectus.

19. Schedule 5 – Vendors

	ECS VENDOR NAME (Refer to Notes below)	NO. SHARES IN ECS	% IN ECS	ENTITLEMENT TO AYG CONSIDERATION SHARES (PRORATA)	% HOLDING IN AYG (MIN SUBSCRIPTION) (undiluted)	ENTITLEMENT TO AYG PERFORMANCE RIGHTS (PRORATA)
1.	SANLAM PRIVATE WEALTH PTY LTD ⁽¹⁾	200,000	0.74%	2,128,053	0.47%	971,503
2.	BELLAIRE CAPITAL PTY	100,000	0.37%	1,064,027	0.23%	485,751
3.	MS JING CERONE	100,000	0.37%	1,064,027	0.23%	485,751
4.	MRS LUYE LI	50,000	0.19%	532,013	0.12%	242,876
5.	MS MERLE SMITH + MS KATHRYN SMITH	200,000	0.74%	2,128,053	0.47%	971,503
6.	DEAD KNICK PTY LTD	400,000	1.48%	4,256,107	0.93%	1,943,005
7.	NEXUS SUPERANNUATION PTY LTD	60,000	0.22%	638,416	0.14%	291,451
8.	PELRUS PTY LTD	100,000	0.37%	1,064,027	0.23%	485,751
9.	MR RICHARD JAMES COONEY	120,000	0.44%	1,276,832	0.28%	582,902
10.	MR BIN LIU	1,200,000	4.44%	12,768,320	2.79%	5,829,016
11.	MS RAN LI	380,000	1.41%	4,043,301	0.88%	1,845,855
12.	D G A SF PTY LTD	100,000	0.37%	1,064,027	0.23%	485,751
13.	MR DAVID ARMSTRONG	100,000	0.37%	1,064,027	0.23%	485,751
14.	SNOWY INVESTMENTS PTY LTD	100,000	0.37%	1,064,027	0.23%	485,751
15.	SLESSAR PROVIDENT FUND PTY LTD	100,000	0.37%	1,064,027	0.23%	485,751
16.	MR MARK ANDREW TKOCZ	120,000	0.44%	1,276,832	0.28%	582,902
17.	MR KEVIN DANIEL LEARY + MRS HELEN PATRICIA LEARY	160,000	0.59%	1,702,443	0.37%	777,202
18.	MRS ELIZABETH JANE QUADE + MR PATRICK JOHN QUADE	200,000	0.74%	2,128,053	0.47%	971,503
19.	MR ANDRE SZARUKAN + MS ROSE BRANISKA	100,000	0.37%	1,064,027	0.23%	485,751
20.	MR YUANWEN HU	300,000	1.11%	3,192,080	0.70%	1,457,254
21.	MR JOHN RYALL	150,000	0.56%	1,596,040	0.35%	728,627
22.	SCINTILLA STRATEGIC INVESTMENTS LIMITED	400,000	1.48%	4,256,107	0.93%	1,943,005
23.	MR STEPHEN GEORGE LEARY + MRS PENELOPE JOAN LEARY	40,000	0.15%	425,611	0.09%	194,301
24.	MR JOHN WALTERS + MS BERNADETTE PARKER	100,000	0.37%	1,064,027	0.23%	485,751
25.	MR NARANKAR UPPAL	40,000	0.15%	425,611	0.09%	194,301
26.	TEGAR PTY LTD	100,000	0.37%	1,064,027	0.23%	485,751
27.	MR ALEXANDER NAUM + MRS ALBINA ABAYEVA	100,000	0.37%	1,064,027	0.23%	485,751
28.	ANGLO MENDA PTY LTD	100,000	0.37%	1,064,027	0.23%	485,751

	ECS VENDOR NAME (Refer to Notes below)	NO. SHARES IN ECS	% IN ECS	ENTITLEMENT TO AYG CONSIDERATION SHARES (PRORATA)	% HOLDING IN AYG (MIN SUBSCRIPTION) (undiluted)	ENTITLEMENT TO AYG PERFORMANCE RIGHTS (PRORATA)
29.	HORATIO STREET PTY LTD	100,000	0.37%	1,064,027	0.23%	485,751
30.	SUBURBAN HOLDINGS PTY LTD	100,000	0.37%	1,064,027	0.23%	485,751
31.	BUSTACORP PTY LTD	100,000	0.37%	1,064,027	0.23%	485,751
32.	MX NOMINEES PTY LTD	100,000	0.37%	1,064,027	0.23%	485,751
33.	RAVEN INVESTMENT HOLDINGS PTY LTD	80,000	0.30%	851,221	0.19%	388,601
34.	XCEL CAPITAL PTY LTD ⁽¹⁾	180,000	0.67%	1,915,248	0.42%	874,352
35.	TEEFISH SUPER PTY LTD	100,000	0.37%	1,064,027	0.23%	485,751
36.	SCD SMSF PTY LTD	100,000	0.37%	1,064,027	0.23%	485,751
37.	MS NICOLE GALLIN + MR KYLE HAYNES	80,000	0.30%	851,221	0.19%	388,601
38.	ABL CONSULTING PTY LTD	260,000	0.96%	2,766,469	0.60%	1,262,953
39.	ABL CONSULTING PTY LTD	260,000	0.96%	2,766,469	0.60%	1,262,953
40.	MR WILLIAM JOHN LAUDER CLELAND	100,000	0.37%	1,064,027	0.23%	485,751
41.	KOBIA HOLDINGS PTY LTD	200,000	0.74%	2,128,053	0.47%	971,503
42.	MOTTERAM CAPITAL PTY LTD	40,000	0.15%	425,611	0.09%	194,301
43.	DAVID ALEXANDER MCCREDIE ⁽²⁾	40,000	0.15%	425,611	0.09%	194,301
44.	ABACUS GLOBAL PTY LTD	1,000,000	3.70%	10,640,266	2.33%	4,857,513
45.	HARBOUR CAPITAL ASSET MANAGEMENT PTY LTD	7,000,000	25.91%	74,481,865	16.28%	34,002,591
46.	JOSHUA BIGGS	350,000	1.30%	3,724,093	0.81%	1,700,130
47.	RK LIVESTOCK PTY LTD	1,100,000	4.07%	11,704,293	2.56%	5,343,264
48.	MACQUARIE CROPPING SERVICES PTY LTD	2,000,000	7.40%	21,280,533	4.65%	9,715,026
49.	KEACH SECURITIES & INVESTMENTS PTY LTD ⁽⁴⁾	8,510,000	31.50%	90,548,668	19.8%	41,337,435
	TOTAL	27,020,000	100.00%	287,500,000	62.86%	131,250,000

Notes:

1. Sanlam Private Wealth and Xcel Capital are Vendors of ECS and are also the Joint Lead Managers to the Public Offer under the Prospectus. In addition to Acquisition Consideration received on an arms-length pro-rata basis on the same terms as all other Vendors, Sanlam Private Wealth and Xcel Capital will receive Facilitation Shares and Joint Lead Manager Fees pursuant to the Term Sheet and Joint Lead Manager Mandate. Refer to Sections 3.3.2 and 8.1 above.
2. David McCredie is a Vendor of ECS and a Proposed Director of AYG. In addition to Acquisition Consideration received on an arms-length pro-rata basis on the same terms as all other Vendors, David will receive Director Options pursuant to the Term Sheet, and may elect to participate in the Public Offer. Details of David's voting interest in AYG on Completion of the Acquisition are set out in Section 3.15. See also Resolutions 4, 6 and 10 above.
3. Keach Securities & Investments Pty Ltd is an entity associated with Alex Keach. Alex Keach is a founder of ECS, a Vendor of ECS and a Proposed Director of AYG. In addition to Acquisition Consideration received on an arms-length pro-rata basis on the same terms as all other Vendors, Alex will receive Director Options pursuant to the Term Sheet. Details of Alex's voting interest in AYG on Completion of the Acquisition are set out in Section 3.15. See also Resolutions 6 and 9 above.

20. Schedule 6 – Proposed Directors’ Nomination

Nomination for the Office of a Director of Axxis Technology Group Ltd (Company)

Nomination of Alex Keach and David McCredie

Xcel Capital Pty Ltd (ACN 617 047 319), being a member of the Company, hereby nominates Alex Keach and David McCredie as directors of the Company.

Dated the 28th day of February 2019.

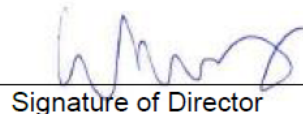
EXECUTED BY Xcel Capital Pty Ltd (ACN 617 047 319) in accordance with section 127 of the Corporations Act:

Edwin Bulseco

Director

Steve Tomsic

Director



Signature of Director



Signature of Director

21. Schedule 7 – Terms of Options

(a) Entitlement

Subject to clause (m) and (o) below, each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) Exercise Price

Subject to clauses (j) and (l), the amount payable upon exercise of each Option will be \$0.08 (**Exercise Price**).

(c) Expiry Date

Each Option will expire at 5:00pm (WST) on the day that is 30 months from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) Notice of Exercise

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.

(f) Exercise Date

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**).

(g) Timing of issue of Shares on exercise

Subject to clause (o) below, within 15 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 20 Business Days after the Exercise Date, the Company will:

- (iii) issue the number of 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 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 Shares issued pursuant to the exercise of the Options.

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

(h) Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) Quotation of Shares issued on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(j) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) Participation in new issues

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.

(l) Adjustment for rights issue

In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Options, the Exercise Price will be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.

(m) Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(n) Unquoted

The Company will not apply for quotation of the Options on ASX.

(o) Shareholder and regulatory approval


The exercise of the Option and the Optionholder's entitlement to receive any Share (or an interest in any Shares), is subject to and conditional upon the Company obtaining any prior

shareholder and regulatory approval that may be required for the exercise of the Option (including but not limited to approval under section 611(7) of the Corporations Act)

Axxis Technology Group Ltd

ABN 98 009 805 298

Lodge your vote:

 **Online:**
www.investorvote.com.au

 **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

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

AYG

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

Proxy Form

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Vote online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I9999999999 PIN: 99999

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



 **For your vote to be effective it must be received by 10:00am (WST) Sunday, 26 May 2019**

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 for Postal Forms

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 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.

**GO ONLINE TO VOTE,
or turn over to complete the form** →

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

I/We being a member/s of Axxis Technology Group Ltd hereby appoint

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the Chairman **OR**

of the Meeting

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 General Meeting of Axxis Technology Group Ltd to be held at Suite 2, Level 1, 1 Altona Street, West Perth, Western Australia on Tuesday, 28 May 2019 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 6 & 7 (except where I/we have indicated a different voting intention below) even though Resolutions 6 & 7 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 6 & 7 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.

ORDINARY BUSINESS

		For	Against	Abstain			For	Against	Abstain
Resolution 1	Change to Nature and Scale of Activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 6	Issue of Options to Proposed Directors:			
Resolution 2	Issue of Consideration Shares and Performance Rights to Vendors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 6(a)	937,500 Options to Alex Keach (and/or his nominee)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Public Offer Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 6(b)	937,500 Options to David McCredie (and/or his nominee)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval for Existing Directors and Proposed Director to Participate in Public Offer:				Resolution 7	Issue of Options to Existing Directors:			
Resolution 4(a)	up to a total of 1,250,000 Shares to Jeremy King (and/or his nominees)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 7(a)	11,000,000 Options to Jeremy King (and/or his nominee)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4(b)	up to a total of 1,250,000 Shares to Michael Nitsche (and/or his nominees)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 7(b)	5,500,000 Options to Michael Nitsche (and/or his nominee)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4(c)	up to a total of 1,250,000 Shares to David McCredie (and/or his nominees)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 7(c)	2,000,000 Options to Justyn Stedwell (and/or his nominee)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Issue of Facilitation Shares:				Resolution 8	Re-election of Director, Michael Nitsche	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5(a)	5,000,000 Shares to Xcel Capital Pty Ltd (and/or its nominees)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 9	Election of Director, Alexander Keach	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5(b)	5,000,000 Shares to Sanlam Private Wealth Pty Ltd (and/or its nominees)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 10	Election of Director, David McCredie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
					Resolution 11	Change of Company Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
					Resolution 12	Adoption of New Constitution	<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 Telephone _____

Date ____/____/____

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Computershare +