



ACN 119 641 986

NOTICE OF ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held at the offices of Stantons International, Level 2, 1 Walker Avenue, West Perth, Western Australia on Friday, 29 November 2019 commencing at 11:00 am (WST)

This Notice should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on +61 (0)438 885 055

Shareholders are urged to attend or vote by lodging the proxy form attached to this Notice.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of shareholders of MCS Services Limited (**Company**) will be held at the offices of Stantons International, Level 2, 1 Walker Avenue, West Perth, Western Australia on Friday, 29 November 2019 commencing at 11:00 am (WST)

The Explanatory Memorandum provides additional information on the matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form 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 those who are registered as Shareholders on 27 November 2019 at 5.00 pm (WST).

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

Agenda

Financial Report

To receive and consider the Annual Financial Report of the Company and its controlled entities, the Directors' Report and the Auditors' Report for the year ended 30 June 2019.

Resolution 1 – Adoption of the Remuneration Report

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

“That, in accordance with section 250R(2) of the Corporations Act, the Remuneration Report for the financial year ended 30 June 2019 be adopted by the Shareholders on the terms and conditions in the Explanatory Memorandum.”

Voting Prohibition: A vote on this Resolution must not be cast (in any capacity) by or on behalf of:

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

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

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

Note: This Resolution is advisory only and does not bind the Directors or the Company.

Resolution 2 – Re-Election of Director – Mr Matthew Ward

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

“That, for the purposes of Article 38.1(c) of the Constitution and for all other purposes, Mr Matthew Ward, being a director of the Company, retires by rotation, and being eligible, is re-elected as a director of the Company.”

Resolution 3 – Approval of Additional 10% Placement Capacity

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

“That, for the purpose of Listing Rule 7.1A and all other purposes, approval be given for the allotment and issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula set out in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 4 – Approval to issue Performance Rights to Mr Paul Simmons

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

“That for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 3,600,000 Performance Rights to Mr Paul Simmons (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

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

Voting Prohibition Statement:

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

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

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Dated: 29 October 2019

By order of the Board



Jonathan Asquith

Company Secretary

Important Notes

Proxies

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

A Proxy Form is attached to this 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.

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. Where the proportion or number is not specified, each proxy may exercise half of the votes.

An appointment of a proxy or power of attorney is not effective for the Annual General Meeting unless and until the Company receives:

- (a) in the case of a proxy, the Proxy Form and, if it is executed by an attorney, the relevant power of attorney or a certified copy of it; and
- (b) in the case of an attorney, the power of attorney or a certified copy of it.

Proxy Forms must be received by the Company no later than 11:00 am (WST) on 27 November 2019, being at least 48 hours before the Meeting.

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

Nominating the Chairman as proxy

The Chairman (or the chair of the meeting) intends to vote all undirected proxies in favour of Resolutions 1 to 3.

Corporate representatives

A corporation may elect to appoint a representative in accordance with the Corporations Act, in which case the Company will require written proof of the representative's appointment, which must be lodged with, or presented to the Company before the Meeting.

Enquiries

Shareholders are asked to contact the Company by telephone on +61 (0)438 885 055 if they have any queries in respect of the matters set out in these documents.

EXPLANATORY MEMORANDUM

Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at the offices of Stantons International, Level 2, 1 Walker Avenue, West Perth, Western Australia 6005 on Friday, 29 November 2019 commencing at 11:00 am (WST).

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

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

Annual Financial Report

The Corporations Act requires the Annual Financial Report, the Directors' Report, and the Auditor's Report ("Annual Report") to be received and considered at the Meeting. The Corporations Act does not require Shareholders to vote on the Annual Report. However Shareholders attending the Meeting will be given a reasonable opportunity to ask questions about, or make comments on, the financial statements and reports contained within the Annual Report which can be downloaded from the ASX website at www.asx.com.au (ASX:MSG).

The Company's auditor will be present at the Meeting and Shareholders will have the opportunity to ask the auditor questions in relation to the conduct of the audit, the Auditor's Report, the Company's accounting policies, and the independence of the auditor.

Resolution 1 – Adoption of the Remuneration Report

The Directors' Report for the year ended 30 June 2019 contains a Remuneration Report which sets out:

- the Board's policy for the remuneration of Directors and executive officers; and
- the remuneration details of each Director and each executive officer named in the Remuneration Report.

In accordance with section 250R of the Corporations Act, the Company submits its Remuneration Report for the year ended 30 June 2019 to Shareholders for consideration and adoption by way of a non-binding resolution.

The Corporations Act provides that the vote on this Resolution is advisory only and does not bind the Directors or the Company, nor does it affect the remuneration paid or payable to the Company's Directors or executives. However, the Board will take the outcome of the Resolution into account when considering future remuneration policy.

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, a resolution ("spill resolution") must be put to Shareholders at the second of those meetings to determine whether the Directors who were in office at the date of approval of the applicable directors' report must stand for re-election.

If the spill resolution is passed by the requisite majority (being an ordinary resolution), then the Company must convene a general meeting of Shareholders (a "spill meeting") within 90 days of the second annual

general meeting, at which all of those Directors will cease to hold office but may offer themselves for re-election. This is being referred to as the '2 strikes rule'.

At the Company's 2018 AGM, less than 25% of the votes cast on the resolution to adopt the Company's 2018 remuneration report voted against its adoption. As such, regardless of the voting on Resolution 1, a spill resolution is not required to be considered at the 2019 AGM.

The Chairman of the Meeting will give Shareholders a reasonable opportunity to ask questions about or to make comments on the Remuneration Report.

Resolutions 2 – Re-Election of Director

Background

Article 38.1(c) of the Constitution requires that one third of all directors, or if their number is not a multiple of three, then the greater of one or the number nearest but not exceeding one-third, to retire at each annual general meeting.

Article 38.8 of the Constitution states that a retiring director is eligible for re-election.

Resolution 2 provides that Mr Matthew Ward retires by rotation and seeks re-election as a director.

Details of the qualifications and experience of Mr Matthew Ward are in the Annual Report.

Resolution 2 is an ordinary resolution.

The Board (excluding Matthew Ward) intends to instruct the Chairman of the meeting to exercise all available proxies in favour of Resolution 2.

The Board (excluding Matthew Ward) supports the re-election of Mr Matthew Ward and recommends that shareholders vote in favour of Resolution 2.

Resolution 3 – Approval of Additional 10% Placement Capacity

Background

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital over a 12 month period after the annual general meeting at which a resolution for the purposes of Listing Rule 7.1A is passed by special resolution (**Additional 10% Placement Capacity**). The Additional 10% Placement Capacity is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. As at the date of this Notice, the Company is an eligible entity and has a current market capitalisation of approximately \$3,188,257 (based on the number of Shares on issue and the closing price of Shares on the ASX on 29 October 2019 and excluding any restricted securities that may be on issue).

The Company is seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the Additional 10% Placement Capacity. The exact number of Equity Securities to be issued under the Additional 10% Placement Capacity will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer below).

The Company continues to proactively investigate opportunities that will maximise value for Shareholders. The Company may use the Additional 10% Placement Capacity to raise funds and/or acquire new projects or businesses.

Overview of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the Additional 10% Placement Capacity is subject to Shareholder approval by way of a special resolution at an annual general meeting. Accordingly, Resolution 3 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative) in order to be passed.

(b) Equity Securities

Any Equity Securities issued under the Additional 10% Placement Capacity must be in the same class as an existing quoted class of Equity Securities of the Company. As at the date of this Notice, the Company has 189,309,608 Shares.

(c) Formula for calculating Additional 10% Placement Capacity

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 10% Placement Period, the number of Equity Securities calculated in accordance with the following formula:

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

A is the number of shares on issue 12 months before the date of issue or agreement to issue:

- (A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (B) plus the number of partly paid shares that became fully paid in the 12 months;
- (C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 or 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- (D) less the number of fully paid shares cancelled in the 12 months.

Note that "A" has the same meaning as in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) Listing Rule 7.1 and Listing Rule 7.1A

Based on the 189,309,608 Shares on issue as at the date of this Notice, subject to Shareholder approval being obtained under Resolution 3, 18,930,961 Equity Securities will be permitted to be issued in accordance with Listing Rule 7.1A.

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

Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, the following information is provided in relation to the approval of the Additional 10% Placement Capacity:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or

- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 3 is approved by Shareholders and the Company issues Equity Securities under the Additional 10% Placement Capacity, the existing Shareholders' voting power in the Company will be diluted. There is a risk that:
 - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders upon the issue of the maximum number of Equity Securities under the Additional 10% Placement Capacity, using different variables for the number of ordinary securities for variable "A" (as defined in Listing Rule 7.1A) and the market price of Shares.

The table shows:

- (i) examples where variable "A" is at its current level and where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) examples of where the issue price of ordinary securities is at the current market price as at close of trading on 21 October 2019, being \$0.019, and where the issue price has decreased by 50% and increased by 100%.

The dilutionary effect will always be 10% if the maximum number of Equity Securities that may be issued under the Additional 10% Placement Capacity are issued.

Variable "A" in Listing Rule 7.1A.2	Dilution	50% decrease in issue price	Issue Price	100% increase in issue price
		\$0.010	\$0.019	\$0.038
Current Variable "A" 187,544,557 Shares	10%	18,754,456	18,754,456	18,754,456
	Funds raised	\$178,167	\$356,335	\$712,669
50% increase in Current Variable "A" 281,316,835 Shares	10%	28,131,684	28,131,684	28,131,684
	Funds raised	\$267,251	\$534,502	\$1,069,004
100% increase in Current Variable "A" 375,089,114 Shares	10%	37,508,911	37,508,911	37,508,911
	Funds raised	\$356,335	\$712,669	\$1,425,339

Note: The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the Additional 10% Placement Capacity.
- (ii) No options over Shares are exercised into Shares before the date of the issue of the Equity Securities.
- (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (vii) The issue of Equity Securities under the Additional 10% Placement Capacity consists only of Shares. If the issue of Equity Securities includes Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.

- (c) Approval of the Additional 10% Placement Capacity will be valid during the period from the date of the Meeting and will cease to be valid on the earlier to occur of:
- (i) the date that is 12 months after the date of the Meeting; or
 - (ii) in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking),

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

- (d) The Company may seek to issue the Equity Securities for the following purposes:

- (i) non-cash consideration for the acquisition of the new projects or businesses. In such circumstances the Company will comply with the minimum issue price limitation under Listing Rule 7.1.A.3 in relation to such issue and will release the valuation of the non-cash consideration to the market; or
- (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards investing in new business opportunities (including an acquisition of new projects or businesses and expenses associated therewith) and/or general working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities under the Additional 10% Placement Capacity.

- (e) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the Additional 10% Placement Capacity. The identity of the subscribers of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the Additional 10% Placement Capacity have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company or introduced by way of advice from corporate, financial and broking advisers (if applicable).

- (f) The Company has previously obtained Shareholder approval under Listing Rule 7.1A at the Company's annual general meetings held on 29 November 2012, 7 November 2013, 27 November 2014, 30 November 2017 and 27 November 2018.

For the purposes of Listing Rule 7.3A.6, the Company had 189,309,608 Equity Securities on issue on 29 November 2018, being the date that is 12 months preceding the date of the Meeting. The Company has bought back 1,765,051 Equity Securities (all being Shares) in the 12 months preceding the date of the Meeting which represents 0.9% of the Equity Securities on issue at the start of the 12 months preceding the date of the Meeting. Please refer to Annexure A of this Explanatory Memorandum for details of the Equity Securities bought back by the Company in the 12 months preceding the date of the Meeting.

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

Directors' recommendation

The Board believes that Resolution 3 is in the best interests of the Company and unanimously recommends that Shareholders vote in favour of the Resolution.

Resolution 4 – Issue of Performance Rights to Related Party

General

On 2 July 2019, the Company announced the appointment of Mr Paul Simmons as Managing Director of the Company.

The Company has agreed, subject to obtaining Shareholder approval, to issue 3,600,000 Performance Rights (**Related Party Performance Rights**) to Mr Simmons (or his nominee) on the terms and conditions set out below.

Resolution 4 seeks Shareholder approval for the grant of the Related Party Performance Rights to Mr Simmons (or his nominee).

Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

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

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

The grant of the Related Party Performance Rights constitutes giving a financial benefit and Mr Simmons is a related party of the Company by virtue of being a Director.

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

ASX Listing Rule 10.11

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.

As the grant of the Related Party Performance Rights involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

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 Resolution 4:

- (a) the Related Party Performance Rights will be granted to Mr Simmons (or his nominee);
- (b) the number of Related Party Performance Rights to be granted is 3,600,000;
- (c) the Related Party Performance Rights will be granted no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that grant of the Performance Rights will occur on the same date;
- (d) the Related Party Performance Rights will be granted for nil cash consideration, accordingly no funds will be raised; and
- (e) the terms and conditions of the Related Party Performance Rights are set out in Schedule 2 and of the 3,600,000 Related Party Performance Rights granted:
 - a. 1,800,000 Related Party Performance Rights will vest subject to achievements for the period 1 July 2019 to 30 June 2021 of the following milestones, with up to 75% vesting on the achievement of the milestones set out in i (below) and the remaining up to 25% vesting on the achievement of the milestones set out in ii. (below):
 - i. Earnings per Share on a pro-rata basis from a minimum of \$0.02 to a maximum of \$0.045 with a minimum target of \$0.02 to a maximum of \$0.045; and
 - ii. Strategic Milestones as set out below.
 - b. 1,800,000 Related Party Performance Rights will vest subject to achievements for the period 1 July 2019 to 30 June 2022 of the following milestones, with up to 75% vesting on the achievement of the milestones set out in i (below) and the remaining up to 25% vesting on the achievement of the milestones set out in ii. (below):
 - i. Earnings per Share targets as above; and
 - ii. Strategic Milestones as set out below.

Strategic Milestones: Achievement of demonstratable improvements in at least three of the following broad performance categories:

1. **Business Success Planning:** demonstrated improvements measured through development and maintenance of Board approved Business Strategic Plan addressing acquisitions framework and target business areas, growth of existing business segments, financial forecasts and targeted growth in earnings and share price;
2. **People and Culture:** measurable based on the development and documentation of a company Culture Plan including development and documentation of KPI's, performance assessment and effective incentive schemes throughout the organisation;
3. **Risk:** measurable based on the Company's achievement and maintenance of ISO accreditation and continued compliance with good governance and reporting obligations; and
4. **Investor Relations:** increasing effectiveness of investor communications through improvements including programmed updates and discussions with major shareholders, appropriate continuous disclosure to all shareholders and planning, and documenting and implementing strategies to introduce the company to new potential investors.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Related Party Performance Rights as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of Related Party Performance Rights to Mr Simmons (or his nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

Schedule 1 – Definitions

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

\$ means Australian Dollars.

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

Board means the board of Directors.

Chairman means the chairman of the Meeting from time to time.

Company means MCS Services Limited (ACN 119 641 986).

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

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company.

Equity Securities has the meaning given to that term in the Listing Rules.

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

Key Management Personnel has the meaning given to that term in the Corporations Act.

Listing Rules means the listing rules of ASX.

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

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

Option means an option which entitles the holder to subscribe for one Share.

Proxy Form means the proxy form attached to the Notice.

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

Schedule means a schedule to the Explanatory Memorandum.

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

Shareholder means a registered holder of a Share.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

VWAP means volume weight average price.

Earnings per share on a prorata basis from a minimum of \$0.03 to a maximum of \$0.045

Schedule 2 – Terms and Conditions of Related Party Performance Rights

A summary of the terms of the Performance Rights to be granted on the passing of Resolution 4 are set out below:

- (a) Each Performance Right will, subject to vesting, entitle the holder on exercise to one Share.
- (b) A Performance Right granted will not vest unless the Vesting Conditions have been satisfied and the Board has notified Mr Simmons.
- (c) The Performance Rights are only transferrable with the prior written consent of the Board of the Company or by force of law upon death to Mr Simmons's legal personal representative or upon bankruptcy to Mr Simmons's trustee in bankruptcy.
- (d) The Company shall notify Mr Simmons when the relevant vesting requirements have been satisfied and Mr Simmons may then exercise his right to accept the vesting of the Performance Rights and be issued the Shares, following which the Company will issue the Shares and deliver notification of the Shareholding to Mr Simmons.
- (e) Unless the Board decides otherwise, any vested Performance Right that has not been exercised within one year of becoming vested shall automatically lapse.
- (f) Where Mr Simmons ceases his employment with the Company any unvested Performance Rights shall lapse (subject to certain good leaver exceptions).
- (g) The Company will, subject to the ASX Listing Rules, apply to the ASX for the listing of the Shares issued upon the exercise of the Performance Rights.
- (h) Shares resulting from the vesting of the Performance Rights shall, from the date of issue, rank pari passu with all other Shares on issue.
- (i) The Board may determine that Shares allocated on the exercise of Performance Rights are subject to the restrictions on sale, transfer or other dealing by Mr Simmons.
- (j) In the event of a change in control of the Company or the Company passes a resolution for voluntary winding up or an order is made for the compulsory winding up of the Company, the Board may, in its absolute discretion, determine that all or a specified number of unvested Performance Rights vest. Any Performance Right which the Board determines does not vest will automatically lapse, unless the Board determines otherwise.
- (k) There are no participating rights or entitlements inherent in the Performance Rights.
- (l) A Performance Right does not confer a change in the number of underlying Shares over which the Performance Right can be exercised.

If, at any time, the issued capital of the Company is reorganised, all rights of a Mr Simmons are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation in relation to the Performance Rights.

Annexure A – Securities bought back in previous 12 months

Date of buy-back	Number of securities bought back	Class of equity security	Summary of the terms of class of equity security	Names of persons who received securities or basis on which those persons was determined	Price	Cash/non-cash consideration	Current value of non-cash consideration
22 January 2019	1,765,051	Shares	Existing Shares ¹	The Shares were bought back under the terms of an unmarketable shares buy-back as announced to shareholders on 28 November 2018	\$0.0164 per Share (Fixed price)	\$28,945 Cash	n/a

¹ The terms of fully paid ordinary shares are set out in the Constitution. This includes the right to share in the surplus assets of the Company on a winding up and the right to attend and vote at general meetings.

PROXY FORM

MCS SERVICES LTD
ACN 119 641 986

ANNUAL GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

OR: ☐ the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at the offices of Stantons International, Level 2, 1 Walker Avenue, West Perth, Western Australia on Friday, 29 November 2019 commencing at 11:00 am (WST) and at any adjournment thereof.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1 and 4 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 4 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

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

Voting on business of the Meeting		FOR	AGAINST	ABSTAIN
Resolution 1	Adoption of the Remuneration Report	☐	☐	☐
Resolution 2	Re-Election of Director – Mr Matthew Ward	☐	☐	☐
Resolution 3	Approval of Additional 10% Placement Capacity	☐	☐	☐
Resolution 4	Approval to issue Performance Rights to Mr Paul Simmons	☐	☐	☐

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

If two proxies are being appointed, the proportion of voting rights this proxy represents is: _____ %

Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date: _____

Contact name: _____

Contact ph (daytime): _____

E-mail address: _____

Consent for contact by e-mail
in relation to this Proxy Form: YES ☐ NO ☐

Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
 - **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
 - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Lodgement of Proxy Form):** Proxy forms can be lodged:
 - (a) by completing and signing the enclosed Proxy Form and returning by:
 - (i) post to MCS Services Ltd, 3/108 Winton Road, Joondalup, WA, AUSTRALIA, 6027;
 - (ii) facsimile to the Company on facsimile number +61 8 9301 2421; or
 - (iii) hand delivering to Automic Registry Services, Level 2, 267 St Georges Terraces Perth WA 6000; or

so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.