

# Notice of Extraordinary General Meeting and Explanatory Memorandum

First Growth Funds Limited ACN 006 648 835

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Date of Meeting: 19 July 2016

Time of Meeting: 10:30am (Sydney time)

Place of Meeting: Level 5, 56 Pitt Street, Sydney NSW 2000

# Notice of Extraordinary General Meeting

Notice is given that an Extraordinary General Meeting of shareholders of First Growth Funds Limited ACN 006648835 (**Company**) will be held at Level 5, 56 Pitt Street, Sydney NSW 2000 on 19 July 2016 at 10:30am (Sydney time).

Terms used in this Notice of Meeting are defined in section 12 of the accompanying Explanatory Memorandum.

The Explanatory Memorandum and the Proxy Form accompanying this Notice of Meeting are incorporated in and comprise part of this Notice of Meeting.

A copy of this Notice and the Explanatory Memorandum which accompanies this Notice has been lodged with the Australian Securities & Investments Commission (**ASIC**) in accordance with Section 218 of the Corporations Act.

## Agenda

The agenda for the meeting is as follows:

### Ordinary business

#### 1. Resolution 1: Ratification of Previous Placement

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To consider and, if thought fit, pass the following Ordinary Resolution, with or without amendment:

*"That, in accordance with Listing Rule 7.4, and for all other purposes, the Company ratify the issue of 67,424,175 fully paid ordinary shares in the Company at an issue price of \$0.0066 per share (**Tranche 1 Placement Shares**) on 31 May 2016 to unrelated professional, sophisticated or other investors that fall within one or more of the classes of exemptions specified in section 708 of the Corporations Act 2001 (Cth)."*

#### 2. Resolution 2: Approval to Issue Tranche 1 Placement Bonus Options

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To consider and, if thought fit, pass the following Ordinary Resolution, with or without amendment:

*"That in accordance with the provisions of Listing Rule 7.1, and for all other purposes, the Company is authorised to issue up to 22,474,725 bonus options to subscribe for fully paid ordinary shares in the Company exercisable at \$0.02 each, expiring on 20 February 2018 and otherwise on the terms and conditions set out in the Explanatory Memorandum (**Tranche 1 Placement Bonus Options**) to shareholders who received the Tranche 1 Placement Shares, on the basis of one Tranche 1 Placement Bonus Option for every three Tranche 1 Placement Shares issued."*

#### 3. Resolution 3: Approval to Issue Tranche 2 Placement Shares and Tranche 2 Placement Bonus Options

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To consider and, if thought fit, pass the following Ordinary Resolution, with or without amendment:

*"That in accordance with the provisions of Listing Rule 7.1, and for all other purposes, the Company is authorised to issue up to:*

- (a) *150,000,000 fully paid ordinary shares at an issue price of \$0.0066 per share (**Tranche 2 Placement Shares**); and*

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- (b) 50,000,000 bonus options to subscribe for fully paid ordinary shares in the Company exercisable at \$0.02 each, expiring on 20 February 2018 (**Tranche 2 Placement Bonus Options**), on the basis of one Tranche 2 Placement Bonus Option for every three Tranche 2 Placement Shares issued,

to unrelated professional, sophisticated or other investors that fall within one or more of the classes of exemptions specified in section 708 of the Corporations Act 2001 (Cth) on the terms and conditions set out in the Explanatory Memorandum.

## 4. Resolution 4: Approval to Issue Share Purchase Plan Bonus Options

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To consider and, if thought fit, pass the following Ordinary Resolution, with or without amendment:

*"That in accordance with the provisions of Listing Rule 7.1, and for all other purposes, the Company is authorised to issue up to 44,949,588 bonus options to subscribe for fully paid ordinary shares in the Company exercisable at \$0.02 each, expiring on 20 February 2018 and otherwise on the terms and conditions set out in the Explanatory Memorandum (**SPP Bonus Options**) to shareholders who receive fully paid ordinary shares pursuant to the SPP, on the basis of one SPP Bonus Option for every three shares issued pursuant to the SPP.*

## 5. Resolution 5: Approval to Issue Shortfall from the Share Purchase Plan and Share Purchase Plan Bonus Options in respect of the Shortfall

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To consider and, if thought fit, pass the following Ordinary Resolution, with or without amendment:

*"That in accordance with the provisions of Listing Rule 7.1, and for all other purposes, the Company is authorised to issue:*

- (a) any fully paid ordinary shares offered, but not issued, to Shareholders pursuant to the Share Purchase Plan (**Shortfall Shares**), up to a maximum of 134,848,762 Shortfall Shares; and
- (b) up to 44,949,588 bonus options to subscribe for fully paid ordinary shares in the Company exercisable at \$0.02 each, expiring on 20 February 2018 (**SPP Shortfall Bonus Options**), on the basis of one SPP Shortfall Bonus Option for every three Shortfall Shares issued,

*to unrelated professional, sophisticated or other investors that fall within one or more of the classes of exemptions specified in section 708 of the Corporations Act 2001 (Cth) on the terms and conditions set out in the Explanatory Memorandum."*

## 6. Resolution 6: Approval for the issue of Shares and Options to Michael Clarke or nominees as part of the Tranche 2 Placement

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To consider and, if thought fit, pass the following Ordinary Resolution, with or without amendment:

*"That for the purposes of Part 2E and s 208(1) of the Corporations Act and ASX Listing Rule 10.11 and for all other purposes, approval be given for the Company to issue:*

- (a) up to 19,393,939 Tranche 2 Placement Shares at an issue price of \$0.0066 per share; and
- (b) up to 6,464,646 Tranche 2 Placement Bonus Options, on the basis of one Tranche 2 Placement Bonus Option for every three Tranche 2 Placement Shares issued,

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*to Michael Clarke or his nominees on the terms and conditions set out in the Explanatory Memorandum.”*

## **7. Resolution 7: Approval for the issue of Shares to Athan Lekkas or nominees as part of the Tranche 2 Placement**

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To consider and, if thought fit, pass the following Ordinary Resolution, with or without amendment:

*“That for the purposes of Part 2E and s 208(1) of the Corporations Act and ASX Listing Rule 10.11 and for all other purposes, approval be given for the Company to issue:*

- (a) *up to 19,393,939 Tranche 2 Placement Shares at an issue price of \$0.0066 per share; and*
- (b) *up to 6,464,646 Tranche 2 Placement Bonus Options, on the basis of one Tranche 2 Placement Bonus Option for every three Tranche 2 Placement Shares issued,*

*to Athan Lekkas or his nominees on the terms and conditions set out in the Explanatory Memorandum.”*

## **8. Resolution 8: Approval for the issue of Shares to Geoff Barnes or nominees as part of the Tranche 2 Placement**

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To consider and, if thought fit, pass the following Ordinary Resolution, with or without amendment:

*“That for the purposes of Part 2E and s 208(1) of the Corporations Act and ASX Listing Rule 10.11 and for all other purposes, approval be given for the Company to issue:*

- (a) *up to 19,393,939 Tranche 2 Placement Shares at an issue price of \$0.0066 per share; and*
- (b) *up to 6,464,646 Tranche 2 Placement Bonus Options, on the basis of one Tranche 2 Placement Bonus Option for every three Tranche 2 Placement Shares issued,*

*to Geoff Barnes or his nominees on the terms and conditions set out in the Explanatory Memorandum.”*

## **9. Resolution 9: Approval for the issue of Shares and Options to Michael Clarke or his nominees**

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To consider and, if thought fit, pass the following Ordinary Resolution, with or without amendment:

*“That for the purposes of Part 2E and s 208(1) of the Corporations Act and ASX Listing Rule 10.11 and for all other purposes, approval be given for the Company to issue up to 5,000,000 fully paid ordinary shares at an issue price of \$0.001 per share (**Director Incentive Shares**) and 5,000,000 options to subscribe for fully paid ordinary shares in the Company exercisable at \$0.02 each, expiring on 20 February 2018 (**Director Incentive Options**), to Michael Clarke or his nominees, on the terms and conditions set out in the Explanatory Memorandum.”*

## **10. Resolution 10: Approval for the issue of Shares and Options to Athan Lekkas or his nominees**

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To consider and, if thought fit, pass the following Ordinary Resolution, with or without amendment:

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*“That for the purposes of Part 2E and s 208(1) of the Corporations Act and ASX Listing Rule 10.11 and for all other purposes, approval be given for the issue of up to 15,000,000 fully paid ordinary shares at an issue price of \$0.001 per share and 15,000,000 options to subscribe for fully paid ordinary shares in the Company exercisable at \$0.02 each, expiring on 20 February 2018, to Athan Lekkas or his nominees, on the terms and conditions set out in the Explanatory Memorandum.”*

## 11. Resolution 11: Approval for the issue of Shares and Options to Geoff Barnes or his nominees

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To consider and, if thought fit, pass the following Ordinary Resolution, with or without amendment:

*“That for the purposes of Part 2E and s 208(1) of the Corporations Act and ASX Listing Rule 10.11 and for all other purposes, approval be given for the issue of up to 15,000,000 fully paid ordinary shares at an issue price of \$0.001 per share, and 15,000,000 options to subscribe for fully paid ordinary shares in the Company exercisable at \$0.02 each, expiring on 20 February 2018, to Geoff Barnes or his nominees, on the terms and conditions set out in the Explanatory Memorandum.”*

## 12. Resolution 12: Approval to Issue Future Placement Shares

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To consider and, if thought fit, pass the following Ordinary Resolution, with or without amendment:

*“That in accordance with the provisions of Listing Rule 7.1, and for all other purposes, the Company is authorised to issue up to \$5,000,000 worth of fully paid ordinary shares (**Future Placement Shares**) at an issue price per Future Placement Share of not less than 80% of the volume weighted average market price of the Company’s shares calculated over the last 5 days on which sales in the shares of the Company were recorded before the day on which the share placement is made, to various sophisticated, professional or other investors that fall within one or more of the classes of exemptions specified in section 708 of the Corporations Act 2001 (Cth) and otherwise on the terms and conditions set out in the Explanatory Memorandum.”*

## 13. Voting Exclusion Statements

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### 13.1 General Voting Exclusion Statement

The Company will disregard any votes cast by the following people:

- (a) with respect to Resolution 1, any person who received Tranche 1 Placement Shares and any associate of that person (or those persons);
- (b) with respect to Resolution 2, any person who may participate in the proposed issue of the Tranche 1 Placement Bonus Options and any person who might obtain a benefit, except a benefit solely in the capacity of a shareholder of the Company, if the resolution is passed, and any associate of that person (or those persons);
- (c) with respect to Resolution 3, any person who may participate in the proposed issue of the Tranche 2 Placement Shares and Tranche 2 Placement Bonus Options and any person who might obtain a benefit, except a benefit solely in the capacity of a shareholder of the Company, if the resolution is passed, and any associate of that person (or those persons);
- (d) with respect to Resolution 4, underwriter or sub-underwriter of the SPP and any associate of that person (or those persons). The ASX granted the Company a waiver

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from ASX Listing Rule 7.3.8 to the extent necessary to permit the Resolution in the Company's notice of meeting to approve the issue of the SPP Bonus Options to those Eligible Shareholders who were issued shares under the SPP (on the terms set out in Attachment 1) not to include a voting exclusion statement or alternatively to include a voting exclusion statement on the condition that the only votes to be disregarded are any votes cast on that resolution by an underwriter or sub-underwriter of the SPP;

- (e) with respect to Resolution 5, any person who may participate in the proposed issue of the Shortfall Shares and SPP Shortfall Bonus Options and any person who might obtain a benefit, except a benefit solely in the capacity of a shareholder of the Company, if the resolution is passed, and any associate of that person (or those persons);
- (f) with respect to Resolutions 6 and 9, Michael Clarke and his nominees and any associates of them;
- (g) with respect to Resolutions 7 and 10, Athan Lekkas and his nominees and any associates of them;
- (h) with respect to Resolutions 8 and 11, Geoff Barnes and his nominees and any associates of them;
- (i) with respect to Resolution 12, any person who may participate in the proposed issue of the Future Placement Shares and any person who might obtain a benefit, except a benefit solely in the capacity of a shareholder of the Company, if the resolution is passed, and any associate of that person (or those persons); and
- (j) with respect to Resolutions 3, 5 and 12, the proposed allottees of any Shares and Options are not as yet known or identified. In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rule 7.1), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of Resolutions 3, 5 and 12), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted. In accordance with Listing Rule 14.11.1, there is no reason to exclude the votes, and the votes will not be excluded, of such Shareholders.

However, the Company need not disregard a vote if:

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

## 13.2 Key Management Personnel voting exclusion statement

A vote on Resolutions 9, 10 and 11 must not be cast by:

- (a) any member of Key Management Personnel of the Company or if the Company is part of a consolidated entity, of the entity; or
- (b) a Closely Related Party of such a member,

who is appointed as a Shareholder's proxy, on the basis of that appointment, where the Shareholder does not specify in writing the way the proxy is to vote on the resolution.

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However, the Company need not disregard a vote if it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, where the Shareholder does not specify in writing the way the proxy is to vote on the resolution, if the appointment of proxy expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company or if the Company is part of a consolidated entity, of the entity.

## **14. General business**

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To consider any other business as may be lawfully put forward in accordance with the Constitution.

By order of the board

Mr Geoff Barnes  
Chairman

20 June 2016

# Explanatory Memorandum

## 1. Introduction

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The following information is provided to Shareholders of the Company in connection with the business to be considered at an Extraordinary General Meeting of Shareholders to be held at Level 5, 56 Pitt Street, Sydney NSW 2000, on 19 July 2016 at 10:30am (Sydney time).

The Notice of Meeting, which is also enclosed, sets out details of proposals concerning the 12 Resolutions to be put to Shareholders.

The Directors recommend Shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Unless otherwise defined, terms used in this Explanatory Memorandum are defined in section 12.

## Ordinary Business

## 2. Background

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As announced on 19 May 2016, the Company is undertaking a Re-capitalisation Process which involves:

- (a) the Tranche 1 Placement which has been completed and raised approximately \$445,000;
- (b) the Tranche 2 Placement which will raise up to approximately \$990,000, subject to shareholder approval;
- (c) the Share Purchase Plan which will raise up to approximately \$890,000.

The above process involves the issue of new Shares at \$0.0066 each and, subject to shareholder approval, the issue of bonus Options on the basis of one bonus Option for every three new Shares issued. The bonus Options are a new class of Option (referred to as 'Series C' Options) which are exercisable at \$0.02 each, expire on 20 February 2018 and are otherwise on the terms set out in Attachment 1. It is intended that the Series C Options will be listed.

In order to complete the Re-capitalisation Process and undertake a number of other matters, the following Resolutions are being put to Shareholders for their approval at the Meeting:

- (a) Resolution 1 - Ratification of issue of Tranche 1 Placement Shares;
- (b) Resolution 2 – Approval to issue Tranche 1 Placement Bonus Options to unrelated parties;
- (c) Resolution 3 – Approval to issue Tranche 2 Placement Shares and Tranche 2 Placement Bonus Options;
- (d) Resolution 4 – Approval to issue Share Purchase Plan Bonus Options;
- (e) Resolution 5 – Approval to issue any Shortfall from the Share Purchase Plan and Share Purchase Plan Bonus Options in respect of any Shortfall;
- (f) Resolutions 6 – 8 – Approval for each of the Directors, or their nominees, to participate in the Tranche 2 Placement on the same terms as all other participants;



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- (g) Resolutions 9 - 11 – Approval to issue Director Incentive Shares and Director Incentive Options to each of the Directors, or their nominees;
- (h) Resolution 12 – Approval to undertake a future placement to raise up to \$5 million.

Further details regarding each of these Resolutions are set out below.

If no other Shareholders participated in the Re-capitalisation Process other than the Directors, the maximum percentage of voting power each Director could obtain if all Resolutions 6 – 11 are approved and the Directors are issued with all the securities for which approval is sought pursuant to Resolutions 6 – 11 and they subscribe for SPP Shares (as outlined in Attachment 3) is as follows:

Director	Current shareholding (direct and indirect)		Directors' shareholding following issue of all Shares under Res 6 – 11 and SPP Shares to Directors		Directors' shareholding following issue of all Shares under Res 6 – 11 and SPP Shares to Directors and assuming all Options held by Directors are exercised	
	No.	%	No.	%	No.	%
Michael Clarke	2,000,000	0.39%	28,666,666	4.61%	40,888,887	5.69%
Athan Lekkas	13,200,000	2.55%	52,139,393	8.39%	81,119,190	11.28%
Geoff Barnes	85,000,000	16.44%	123,939,393	19.94%	180,369,190	25.08%

Note: the above table assumes that no other securities are issued to any person by the Company.

## 3. Resolution 1: Ratification of Previous Placement

### 3.1 Introduction

As announced on 19 May 2016 the Company successfully placed Shares to unrelated professional, sophisticated and other investors to raise approximately \$445,000. In this regard, 67,424,175 Shares were issued on 31 May 2016 (**Tranche 1 Placement Shares**).

### 3.2 ASX Listing Rule 7.4

In accordance with Listing Rule 7.4, Shareholder approval is sought to ratify the issue and allotment of the Tranche 1 Placement Shares, being issues of securities made by the Company on 31 May 2016 for which shareholder approval has not already been obtained.

Listing Rule 7.1 prohibits a company, except in certain cases, from issuing new equity securities equivalent in number to more than 15% of its capital in any 12 month period without the prior approval of its shareholders. Equity securities issued with shareholder approval under Listing Rules 7.1 or 7.4 do not count towards the 15% limit under Listing Rule 7.1 or the 10% limit under Listing Rule 7.1A.

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Listing Rule 7.4 provides that an issue of securities made without prior approval under Listing Rule 7.1 can be treated as having been made with that approval if shareholders subsequently approve it.

If Resolution 1 is approved it will have the effect of refreshing the Company's ability, to the extent of the Tranche 1 Placement Shares, to issue further capital during the next 12 months pursuant to Listing Rule 7.1 without the need to obtain further Shareholder approval (subject to the Listing Rules and the Corporations Act). If Resolution 1 is not passed, the Tranche 1 Placement Shares will be counted toward the 15% limit pursuant to Listing Rule 7.1 for a period of 12 months from the date of issue.

For the purposes of ASX Listing Rule 7.5, the Company advises:

<b>Number of securities issued</b>	67,424,175 Tranche 1 Placement Shares were issued.
<b>Date the Company issued the securities</b>	The Tranche 1 Placement Shares were issued on 31 May 2016.
<b>Issue price of the securities</b>	\$0.0066 per Tranche 1 Placement Share.
<b>Recipients of the securities</b>	Unrelated professional, sophisticated and other investors that fall within one or more of the classes of exemptions specified in section 708 of the Corporations Act.
<b>Terms of the Issued Securities</b>	The Tranche 1 Placement Shares are fully paid ordinary shares and will rank equally with all other existing Shares presently on issue.
<b>Intended use of funds</b>	The funds raised by the issue of the Tranche 1 Placement Shares (approximately \$445,000) are intended to be used to provide working and investment capital to the Company.

### 3.3 Director Recommendation

The Board recommends that Shareholders vote in favour of this Ordinary Resolution.

## 4. Resolution 2: Approval to Issue Tranche 1 Placement Bonus Options

### 4.1 Introduction

Resolution 2 seeks shareholder approval to issue up to 22,474,725 bonus options to subscribe for Shares in the Company exercisable at \$0.02 each, expiring on 20 February 2018 (**Tranche 1 Placement Bonus Options**) to shareholders who received the Tranche 1 Placement Shares, on the basis of one Tranche 1 Placement Bonus Option for every three Tranche 1 Placement Shares issued (with any fractional entitlement to be rounded down).

### 4.2 ASX Listing Rule 7.1 - Issues exceeding 15% of capital

In accordance with Listing Rule 7.1, Shareholder approval is sought for the issue of the Tranche 1 Placement Bonus Options to shareholders who received the Tranche 1 Placement Shares.

Listing Rule 7.1 prohibits a company, except in certain cases, from issuing new equity securities equivalent in number to more than 15% of its capital in any 12 month period without the prior approval of its shareholders. Equity securities issued with shareholder approval under

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Listing Rules 7.1 or 7.4 do not count towards the 15% limit under Listing Rule 7.1 or the 10% limit under Listing Rule 7.1A.

By passing Resolution 2, the Company will be permitted to issue the Tranche 1 Placement Bonus Options during the 3 months after the Meeting. If Resolution 2 is not passed, the Company will not be permitted to issue the Tranche 1 Placement Bonus Options..

For the purposes of Listing Rule 7.3, the Company provides the following information:

<b>Maximum Number of securities to be issued</b>	22,474,725 Tranche 1 Placement Bonus Options will be issued. The Tranche 1 Placement Bonus Options will be issued on the basis of one Tranche 1 Placement Bonus Option for every three Tranche 1 Placement Shares issued (with any fractional entitlement to be rounded down).
<b>Date by which the Company will issue the securities</b>	The Tranche 1 Placement Bonus Options will be issued within three months after the date of the Meeting. The Tranche 1 Placement Bonus Options will be issued progressively.
<b>Issue price of the securities</b>	The issue price is nil.
<b>Recipients of the securities</b>	Investors who received the Tranche 1 Placement Shares, being unrelated professional, sophisticated and other investors that fall within one or more of the classes of exemptions specified in section 708 of the Corporations Act.
<b>Terms of the securities to be issued</b>	Refer to Attachment 1.
<b>Intended use of funds</b>	There will be no funds raised by the issue of the Tranche 1 Placement Bonus Options.

## 4.3 Director Recommendation

The Board recommends that Shareholders vote in favour of this Ordinary Resolution.

## 5. Resolution 3: Approval to Issue Tranche 2 Placement Shares and Tranche 2 Placement Bonus Options

### 5.1 Introduction

On 19 May 2016, the Company also announced its intention to issue up to a further:

- (a) 150,000,000 Shares at an issue price of \$0.0066 (**Tranche 2 Placement Shares**) to raise up to a further \$990,000; and
- (b) 50,000,000 bonus options to subscribe for Shares in the Company exercisable at \$0.02 each, expiring on 20 February 2018 (**Tranche 2 Placement Bonus Options**), on the basis of one Tranche 2 Placement Bonus Option for every three Tranche 2 Placement Shares issued (with any fractional entitlement to be rounded down),

to unrelated professional, sophisticated or other investors that fall within one or more of the classes of exemptions specified in s 708 of the *Corporations Act 2001* (Cth).

As at the date of this Notice, the Company has not entered any binding commitments with investors to subscribe for the Tranche 2 Placement Shares and the Tranche 2 Placement Bonus Options, however, it intends to seek to secure such commitments as soon as possible.

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## 5.2 ASX Listing Rule 7.1

In accordance with Listing Rule 7.1, Shareholder approval is sought for the issue of the Tranche 2 Placement Shares and the Tranche 2 Bonus Options to unrelated professional, sophisticated or other exempt investors.

Listing Rule 7.1 prohibits a company, except in certain cases, from issuing new equity securities equivalent in number to more than 15% of its capital in any 12 month period without the prior approval of its shareholders. Equity securities issued with shareholder approval under Listing Rules 7.1 or 7.4 do not count towards the 15% limit under Listing Rule 7.1 or the 10% limit under Listing Rule 7.1A.

By passing Resolution 3, the Company will be permitted to issue the Tranche 2 Placement Shares and the Tranche 2 Placement Bonus Options during the 3 months after the Meeting. If Resolution 3 is not passed, the Company will not be permitted to issue the Tranche 2 Placement Shares or the Tranche 2 Placement Bonus Options, unless it has placement capacity pursuant to Listing Rule 7.1 or 7.1A and is acting in compliance with Listing Rule 7.1B.2.

For the purposes of Listing Rule 7.3, the Company provides the following information:

<b>Maximum Number of securities to be issued</b>	Up to 150,000,000 Tranche 2 Placement Shares and 50,000,000 Tranche 2 Placement Bonus Options may be issued. The Tranche 2 Placement Bonus Options will be issued on the basis of one Tranche 2 Placement Bonus Option for every three Tranche 2 Placement Shares issued (with any fractional entitlement to be rounded down).
<b>Date by which the Company will issue the securities</b>	The Tranche 2 Placement Shares and Tranche 2 Placement Bonus Options will be issued within three months after the date of the Meeting. The Tranche 2 Placement Shares and Tranche 2 Placement Bonus Options will be issued progressively.
<b>Issue price of the securities</b>	The Tranche 2 Placement Shares will be issued at \$0.0066 per Share. The issue price for the Tranche 2 Placement Bonus Options is nil.
<b>Recipients of the securities</b>	Unrelated professional, sophisticated and other investors that fall within one or more of the classes of exemptions specified in section 708 of the Corporations Act will be issued the Tranche 2 Placement Shares. Investors who are issued the Tranche 2 Placement Shares will receive the Tranche 2 Placement Bonus Options.
<b>Terms of the securities to be issued</b>	The Tranche 2 Placement Shares are fully paid ordinary shares and will rank equally with existing Shares presently on issue. Refer to Attachment 1 for the terms of the Tranche 2 Placement Bonus Options.
<b>Intended use of funds</b>	The funds raised from the issue of the Tranche 2 Placement Shares (up to \$990,000) are intended to be used for working and investment capital. There will be no funds raised by the issue of the Tranche 2 Placement Bonus Options.

## 5.3 Director Recommendation

The Board recommends that Shareholders vote in favour of this Ordinary Resolution.

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## 6. Resolution 4: Approval to Issue Share Purchase Plan Bonus Options

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### 6.1 Introduction

On 19 May 2016 the Company announced that it would be undertaking a shareholder Share Purchase Plan (**SPP**) to raise up to approximately \$890,000.

The Company also announced that it intends, subject to obtaining Shareholder approval, to issue each participant in the SPP with one SPP Bonus Option for every three shares issued pursuant to the SPP (with any fractional entitlement to be rounded down). The Company will issue up to 44,949,588 SPP Bonus Options, subject to shareholder approval. The SPP Bonus Options will be exercisable at \$0.02 each, expiring on 20 February 2018 (**SPP Bonus Options**) to shareholders who receive fully paid ordinary shares pursuant to the SPP, on the basis of one SPP Bonus Option for every three shares issued pursuant to the SPP.

### 6.2 ASX Listing Rules 7.2 and 10.11 – Share Purchase Plan

Listing Rule 7.2, Exception 15 and Listing Rule 10.12, Exception 8, provides an exception to the requirement to seek Shareholder approval for the issue of Shares, where the Company undertakes a security purchase plan. In order to comply with the exception in Listing Rule 7.2 and Listing Rule 10.12:

- (a) the security purchase plan must comply with ASIC Class Order 09/425;
- (b) the number of shares to be issued under the security purchase plan must not exceed 30% of the number of fully paid ordinary shares already on issue; and
- (c) the issue price for shares under the security purchase plan must be at least 80% of the average market price for securities in that class calculated over the last 5 days on which sales in the securities were recorded either before the day on which the issue was announced or before the day on which the issue was made.

The SPP to be undertaken by the Company complies with the requirements of Listing Rule 7.2, Exception 15 and Listing Rule 10.12, Exception 8.

Accordingly, any Shares issued pursuant to the SPP will not count towards the 15% limit under Listing Rule 7.1 or the 10% limit under Listing Rule 7.1A.

However, the SPP Bonus Options do not fall within Listing Rules 7.2, Exception 15 and Listing Rule 10.12, Exception 8, as these exceptions apply only to Shares issued pursuant to the SPP. Further, the Company does not presently have sufficient capacity pursuant to Listing Rule 7.1 to issue the SPP Bonus Options.

### 6.3 ASX Listing Rule 7.1 - Issues exceeding 15% of capital

In accordance with Listing Rule 7.1, Shareholder approval is sought for the issue of the SPP Bonus Options to Eligible Shareholders who were issued shares under the SPP.

Listing Rule 7.1 prohibits a company, except in certain cases, from issuing new equity securities equivalent in number to more than 15% of its capital in any 12 month period without the prior approval of its shareholders. Equity securities issued with shareholder approval under Listing Rules 7.1 or 7.4 do not count towards the 15% limit under Listing Rule 7.1 or the 10% limit under Listing Rule 7.1A. By passing Resolution 4, the Company will be permitted to issue the SPP Bonus Options during the 3 months after the Meeting. If Resolution 4 is not passed, the Company will not be permitted to issue the SPP Bonus Options.

Listing Rule 10.11 prohibits a company from issuing shares to a related party unless shareholder approval is obtained or the issue falls within a number of exceptions. ASX has

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granted the Company a waiver from Listing Rule 10.11 to the extent necessary to permit the Company to issue the SPP Bonus Options to related parties, on the condition that all related parties are offered securities on the same terms as all other shareholders who are issued shares pursuant to the SPP, that shareholders approve the issue of the SPP Bonus Options and that related parties do not participate in any Shortfall.

For the purposes of Listing Rule 7.3, the Company provides the following information:

<b>Maximum Number of securities to be issued</b>	Up to 44,949,588 SPP Bonus Options may be issued. The SPP Bonus Options will be issued on the basis of one SPP Bonus Option for every three Shares issued pursuant to the SPP (with any fractional entitlement to be rounded down).
<b>Date by which the Company will issue the securities</b>	The SPP Bonus Options will be issued within three months after the date of the Meeting. The SPP Bonus Options will be issued progressively.
<b>Issue price of the securities</b>	The issue price is nil.
<b>Recipients of the securities</b>	Shareholders who are issued Shares pursuant to the SPP.
<b>Terms of the securities to be issued</b>	Refer to Attachment 1.
<b>Intended use of funds</b>	There will be no funds raised by the issue of the SPP Bonus Options.

## 6.4 Director Recommendation

The Board recommends that Shareholders vote in favour of this Ordinary Resolution.

## 7. Resolution 5: Approval to Issue Shortfall from the Share Purchase Plan and Share Purchase Plan Bonus Options in respect of the Shortfall

### 7.1 Introduction

The terms of the SPP provide that, in the event that not all Shares offered under the SPP are issued, the Shares not issued will comprise the shortfall and may be placed, at the discretion of the Directors, to unrelated parties, subject to Shareholder approval. It is proposed that one SPP Shortfall Bonus Option will be issued for every three Shortfall Shares issued (with any fractional entitlement to be rounded down).

The SPP offer has not yet closed, with the shortfall being placed after the date of the Meeting. As such, the amount of the shortfall is not currently known.

Resolution 5 seeks Shareholder approval to issue the following:

- (a) any Shares offered, but not issued, to Shareholders pursuant to the SPP (**Shortfall Shares**), up to a maximum of 134,848,762 Shortfall Shares; and
- (b) up to 44,949,588 bonus options to subscribe for Shares in the Company exercisable at \$0.02 each, expiring on 20 February 2018 (**SPP Shortfall Bonus Options**), on the basis of one SPP Shortfall Bonus Option for every three Shortfall Shares issued.

# Explanatory Memorandum

## 7.2 ASX Listing Rule 7.1 - Issues exceeding 15% of capital

In accordance with Listing Rule 7.1, Shareholder approval is sought for the issue of the Shortfall Shares to unrelated parties.

Listing Rule 7.1 prohibits a company, except in certain cases, from issuing new equity securities equivalent in number to more than 15% of its capital in any 12 month period without the prior approval of its shareholders. Equity securities issued with shareholder approval under Listing Rules 7.1 or 7.4 do not count towards the 15% limit under Listing Rule 7.1 or the 10% limit under Listing Rule 7.1A.

While the SPP to be undertaken by the Company complies with the requirements of Listing Rule 7.2, Exception 15 and Listing Rule 10.12, Exception 8, these exceptions do not extend to the placement of any Shortfall Shares arising from the SPP or for any SPP Shortfall Bonus Options that may be issued.

By passing Resolution 5, the Company will be permitted to issue the Shortfall Shares and SPP Shortfall Bonus Options during the 3 months after the meeting. If Resolution 5 is not passed, the Company will not be permitted to issue the Shortfall Shares or the SPP Shortfall Bonus Options, unless it has placement capacity pursuant to Listing Rule 7.1 or 7.1A and is acting in compliance with Listing Rule 7.1B.2.

For the purposes of Listing Rule 7.3, the Company provides the following information:

<b>Maximum Number of securities to be issued</b>	Up to 134,848,762 Shortfall Shares may be issued. Up to 44,949,588 SPP Shortfall Bonus Options may be issued. The SPP Shortfall Bonus Options will be issued on the basis of one SPP Shortfall Bonus Option for every three Shortfall Shares issued (with any fractional entitlement to be rounded down).
<b>Date by which the Company will issue the securities</b>	The Shortfall Shares and SPP Shortfall Bonus Options will be issued within three months after the date of the Meeting. The Shortfall Shares and SPP Shortfall Bonus Options will be issued progressively.
<b>Issue price of the securities</b>	The Shortfall Shares will be issued at \$0.0066 per Share. The issue price for the SPP Shortfall Bonus Options is nil.
<b>Recipients of the securities</b>	Unrelated professional, sophisticated and other investors that fall within one or more of the classes of exemptions specified in section 708 of the Corporations Act will be issued the Shortfall Shares. Investors who are issued the Shortfall Shares will receive the SPP Shortfall Bonus Options.
<b>Terms of the securities to be issued</b>	The Shortfall Shares are fully paid ordinary shares and will rank equally with existing Shares presently on issue. Refer to Attachment 1 for the terms of the SPP Shortfall Bonus Options.
<b>Intended use of funds</b>	The funds raised from the issue of the Shortfall Shares (up to approximately \$890,000 depending on the level of the Shortfall under the SPP) are intended to be used for working and investment capital. There will be no funds raised by the issue of the SPP Shortfall Bonus Options.

## 7.3 Director Recommendation

The Board recommends that Shareholders vote in favour of this Ordinary Resolution.

# Explanatory Memorandum

## 8. Resolutions 6, 7 and 8 - Approval for the issue of Shares and Options to Michael Clarke, Athan Lekkas and Geoff Barnes or their nominees as part of the Tranche 2 Placement

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### 8.1 Background

As outlined above in Resolution 3, the Company is seeking shareholder approval to issue Tranche 2 Placement Shares and Tranche 2 Placement Bonus Options (together, the **Tranche 2 Placement**).

The Company may invite the Directors to participate in the Tranche 2 Placement, subject to shareholder approval. The Company has not currently entered into any binding commitments with any of the Directors to subscribe for securities in the Tranche 2 Placement. However, the Company is seeking the approval of Shareholders to permit the Directors (or their nominees) to participate in the Tranche 2 Placement should such agreements be entered.

Any Shares and Options issued to the Directors (or their nominees) in accordance with Resolutions 6, 7 and 8, will form part of the Tranche 2 Placement and will not be in addition to those outlined in Resolution 3. As such, the maximum number of securities which may be issued pursuant to Resolutions 3, 6, 7 and 8 is 150,000,000 Tranche 2 Placement Shares and 50,000,000 Tranche 2 Placement Bonus Options.

Resolutions 6, 7 and 8 therefore seek the approval of Shareholders for the issue and allotment of a total of up to 58,181,817 Tranche 2 Placement Shares (in aggregate) and up to 19,393,939 Tranche 2 Bonus Options (in aggregate) under the Tranche 2 Placement to the Directors of the Company or their nominees as follows:

- (a) 19,393,939 Tranche 2 Placement Shares (raising up to \$128,000) and 6,464,646 Tranche 2 Placement Bonus Options to Michael Clarke or his nominees as part of the Tranche 2 Placement.
- (b) 19,393,939 Tranche 2 Placement Shares (raising up to \$128,000) and 6,464,646 Tranche 2 Placement Bonus Options to Athan Lekkas or his nominees as part of the Tranche 2 Placement.
- (c) 19,393,939 Tranche 2 Placement Shares (raising up to \$128,000) and 6,464,646 Tranche 2 Placement Bonus Options to Geoff Barnes or his nominees as part of the Tranche 2 Placement,

(together the **Recipients**).

The Tranche 2 Placement Shares outlined above are to be issued at the same price as the Tranche 2 Placement Shares in Resolution 3 (to unrelated investors), all being \$0.0066 each. The maximum amount of funds that will be raised by the issue of the Tranche 2 Placement Shares to the Recipients pursuant to Resolutions 6, 7 and 8 will be \$384,000.

If the Directors are issued all of the Tranche 2 Placement Shares the subject of Resolutions 6 - 8, their voting power will change as follows:

- (a) Michael Clarke's voting power (based on his current shareholding) will increase from 0.39% to 2.95%;
- (b) Athan Lekkas' voting power (based on his current shareholding) will increase from 2.55% to 4.63%; and
- (c) Geoff Barnes's voting power (based on his current shareholding) will decrease from 16.44% to 13.59%.



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The above voting power percentages assume the following:

- (a) that the SPP is undertaken and fully subscribed;
- (b) that Michael Clarke (and controlled entities) subscribes for up to \$15,000 worth of Shares under the SPP and that each of Athan Lekkas and Geoff Barnes (and controlled entities) subscribe for up to \$30,000 worth of Shares under the SPP; and
- (c) that all Tranche 2 Placement Shares, including all Tranche 2 Placement Shares the subject of Resolutions 6, 7 and 8, are issued.

Attachment 3 sets out these figures in full.

## 8.2 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of a public company without shareholder approval unless the benefit falls within one of various exceptions to the general prohibition. The process for and requirements that need to be met for the convening of the shareholder's meeting are set out in Chapter 2E of the Corporations Act.

A "related party" for the purposes of the Corporations Act is defined widely and includes a director of a public company, and entities controlled by him or her.

A "financial benefit" for the purposes of the Corporations Act has a very wide meaning. It includes the public company issuing securities to a related party. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and effect of what the public company is doing (rather than just the legal form). Any consideration which is given for the financial benefit is to be disregarded, even if it is full or adequate.

The proposed Resolutions 6, 7 and 8, if passed, will confer a financial benefit on the Recipients. Each Director of the Company is considered a related party of the Company.

Accordingly, the Company seeks to obtain Shareholder approval for the giving of a financial benefit to through the issue of the Tranche 2 Placement Shares and the Tranche 2 Placement Bonus Options to the Directors or their nominees, in accordance with the requirements of Chapter 2E of the Corporations Act. For this reason, and for all other purposes, the following information is provided to Shareholders.

(a) **The related party to whom Resolutions 6, 7 and 8 would permit the financial benefit to be given**

In respect of Resolution 6, Michael Clarke, a Director of the Company, (or his nominees).

In respect of Resolution 7, Athan Lekkas, a Director of the Company, (or his nominees).

In respect of Resolution 8, Geoff Barnes, a Director of the Company, (or his nominees).

(b) **The nature of the financial benefit**

The nature of the proposed financial benefit to be given to each Recipient is the issue of up to the following number of Tranche 2 Placement Shares at an issue price of \$0.0066 per Share and up to the following number of Tranche 2 Placement Bonus

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Options on the basis of one Tranche 2 Placement Bonus Option for every three Tranche 2 Placement Shares issued:

- (1) In respect of Resolution 6, up to 19,393,939 Shares (raising up to \$128,000) and up to 6,464,646 Options to Michael Clarke (or his nominees);
- (2) In respect of Resolution 7, up to 19,393,939 Shares (raising up to \$128,000) and up to 6,464,646 Options to Athan Lekkas (or his nominees);
- (3) In respect of Resolution 8, up to 19,393,939 Shares (raising up to \$128,000) and up to 6,464,646 Options to Geoff Barnes (or his nominees).

(c) **Directors' recommendation**

Mr Michael Clarke has an interest in the outcome of Resolution 6. Because of his interest in the outcome, Mr Clarke does not make a recommendation in relation to Resolution 6.

All Directors other than Mr Clarke recommend that Shareholders vote in favour of Resolution 6.

Mr Athan Lekkas has an interest in the outcome of Resolution 7. Because of his interest in the outcome, Mr Lekkas does not make a recommendation in relation to Resolution 7.

All Directors other than Mr Lekkas recommend that Shareholders vote in favour of Resolution 7.

Mr Geoff Barnes has an interest in the outcome of Resolution 8. Because of his interest in the outcome, Mr Barnes does not make a recommendation in relation to Resolution 8.

All Directors other than Mr Barnes recommend that Shareholders vote in favour of Resolution 8.

(d) **Director's interests and other remuneration**

- (1) Mr Michael Clarke, Non-Executive Director

Mr Michael Clarke has a material personal interest in the outcome of Resolution 6, as it is proposed that the Tranche 2 Placement Shares and the Tranche 2 Placement Bonus Options the subject of Resolution 6 be issued to him or his nominees.

Excluding the Tranche 2 Placement Shares and the Tranche 2 Placement Bonus Options the subject of Resolution 6 and any Shares and Options which may be issued pursuant to the SPP or Resolutions 3 or 9, Mr Michael Clarke (and entities associated with him) currently holds 2,000,000 Shares in the Company.

Mr Michael Clarke currently receives remuneration of \$60,000 per annum from the Company for his services as a non-executive director.

Attachment 3 sets out the effect on Mr Clarke's direct and indirect holdings in the Company if all of the Tranche 2 Placement Shares and the Tranche 2 Placement Bonus Options are issued to Mr Clarke pursuant to Resolution 6, Mr Clarke participates in the SPP and Shares and Options the subject of Resolutions 3 and 9 are issued to Mr Clarke.

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(2) Mr Athan Lekkas, Non-Executive Director

Mr Athan Lekkas has a material personal interest in the outcome of Resolution 7 as it is proposed that the Tranche 2 Placement Shares and the Tranche 2 Placement Bonus Options the subject of Resolution 7 be issued to him or his nominees.

Excluding the Tranche 2 Placement Shares and the Tranche 2 Placement Bonus Options the subject of Resolution 7 and any Shares and Options which may be issued pursuant to the SPP or Resolutions 3 or 10, Mr Athan Lekkas (and entities associated with him) currently holds 13,200,000 Shares in the Company and 6,000,000 2015 Series "B" Options.

Mr Athan Lekkas currently receives remuneration of \$60,000 per annum from the Company for his services as a non-executive director.

Attachment 3 sets out the effect on Mr Lekkas' direct and indirect holdings in the Company if all of the Tranche 2 Placement Shares and the Tranche 2 Placement Bonus Options are issued to Mr Lekkas pursuant to Resolution 7, Mr Lekkas participates in the SPP and Shares and Options the subject of Resolutions 3 and 10 are issued to Mr Lekkas.

(3) Mr Geoff Barnes, Non-Executive Chairman

Mr Geoff Barnes has a material personal interest in the outcome of Resolution 8 as it is proposed that the Tranche 2 Placement Shares and the Tranche 2 Placement Bonus Options the subject of Resolution 8 be issued to him or his nominees.

Excluding the Tranche 2 Placement Shares and the Tranche 2 Placement Bonus Options the subject of Resolution 8 and any Shares and Options which may be issued pursuant to the SPP or Resolutions 3 or 11, Mr Geoff Barnes (and entities associated with him) currently holds 85,000,000 Shares in the Company and 33,450,000 2015 Series "B" Options.

Mr Geoff Barnes currently receives remuneration of \$60,000 per annum from the Company for his services as the Non-Executive Chairman.

Attachment 3 sets out the effect on Mr Barnes' direct and indirect holdings in the Company if all of the Tranche 2 Placement Shares and the Tranche 2 Placement Bonus Options are issued to Mr Barnes pursuant to Resolution 8, Mr Barnes participates in the SPP and Shares and Options the subject of Resolutions 3 and 11 are issued to Mr Barnes.

(e) **Valuation of Tranche 2 Placement Shares**

Shares in the same class as the Tranche 2 Placement Shares are currently quoted on the ASX and as such will have a tradeable market value.

Information regarding the indicative market value of the Tranche 2 Placement Shares the subject of Resolutions 6, 7 and 8 are set out in the table below based on the following:

- (1) the ASX Market Price of Shares on 9 June 2016 (\$0.008); and
- (2) the VWAP of the Company's Shares for the 15 trading days between 19 May 2016 and 3 June 2016 (\$0.00729)

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Director	Maximum No. of Shares	Value based on closing price on 9 June 2016 (\$0.008)	Value based on 15 trading day VWAP (\$0.00729)	Issue Price (\$0.0066)
Mr Michael Clarke (Resolution 6)	19,393,939	\$155,151.51	\$141,381.82	\$128,000
Mr Athan Lekkas (Resolution 7)	19,393,939	\$155,151.51	\$141,381.82	\$128,000
Mr Geoff Barnes (Resolution 8)	19,393,939	\$155,151.51	\$141,381.82	\$128,000

In the event that the Tranche 2 Placement Shares are issued at \$0.0066 per Share, this would represent a 17.50% discount to the closing Share price on 9 June 2016 (being \$0.008 per Share) and would represent a discount of approximately 9.46% to the VWAP for the 15 trading days between 19 May 2016 and 3 June 2016.

## (f) Valuation of Tranche 2 Placement Bonus Options

The Tranche 2 Placement Bonus Options are not currently quoted on the ASX and as such have no market value. The Tranche 2 Placement Bonus Options each grant the holder a right to receive one Share in the Company upon exercise of one Tranche 2 Placement Bonus Option and payment of the exercise price of the Tranche 2 Placement Bonus Option. Accordingly, the Tranche 2 Placement Bonus Options may have a present value at the date of their grant.

The Tranche 2 Placement Bonus Options may acquire future value dependent upon the extent to which the Shares exceed the exercise price of the Tranche 2 Placement Bonus Options during the exercise period of the Tranche 2 Placement Bonus Options.

As a general proposition, options to subscribe for ordinary fully paid shares in a company have a value. Various factors impact upon the value of options including:

- (1) the period outstanding before the expiry date of the options;
- (2) the exercise price of the options relative to the underlying price or value of the securities into which they may be converted;
- (3) the proportion of the issued capital as expanded consequent upon exercise represented by the shares issued upon exercise (ie whether or not the shares that might be acquired upon exercise of the options represent a controlling or other significant interest);
- (4) the value of the shares into which the options may be converted; and
- (5) whether the options are listed (ie readily capable of being liquidated).

There are various formulae which can be applied to determining the theoretical value of options (including the formula known as the Black-Scholes Model option valuation formula and the Binomial Model option valuation formula).

The Company has undertaken a valuation of the Options the subject of Resolutions 6, 7 and 8, for the purposes of disclosing to Shareholders such information required to decide whether or not it is in the Company's interest to pass Resolutions 6, 7 and 8, using the Black Scholes Model, which is the most widely used and recognised model for pricing options. The value of an option calculated by the Black Scholes Model is a function of the relationship between a number of variables, being the price of the

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underlying Share at the time of issue, the exercise price, the time to expiry, the risk free interest rate, the volatility of the Company's underlying Share price and expected dividends.

Inherent in the application of the Black Scholes Model are a number of inputs, some of which must be assumed. The data relied upon in applying the Black Scholes Model was:

- (1) a Share price of \$0.00729 (being the VWAP of the Company's Shares for the 15 trading days between 19 May 2016 and 3 June 2016);
- (2) exercise price: \$0.02;
- (3) expiry date of 20 February 2018;
- (4) a volatility measure of 70%;
- (5) a risk-free interest rate of 3.5%; and
- (6) a dividend yield of 0.00%.

Based on the valuation of the Tranche 2 Placement Bonus Options, the Company believes that the respective value of the Tranche 2 Placement Bonus Options to be issued pursuant to Resolutions 6, 7 and 8 are as follows for each Director, on the basis of a value per Option of \$0.0008:

Director	Maximum No. of Options	Value based on (\$0.0008) per Option
Mr Michael Clarke (Resolution 6)	6,464,646	\$5,204.52
Mr Athan Lekkas (Resolution 7)	6,464,646	\$5,204.52
Mr Geoff Barnes (Resolution 8)	6,464,646	\$5,204.52
<b>Total</b>	<b>19,393,939</b>	<b>\$15,613.56</b>

- (g) **Any other information that is reasonably required by Shareholders to make a decision and that is known to the Company or any of its Directors**

There is no other information known to the Company or any of the Directors save and except as follows:

- (1) Market Price movements:

The valuation of the Tranche 2 Placement Shares noted above is based on a market price of the Shares.

There is a possibility that the market price of the Shares on the date of issue of the Tranche 2 Placement Shares will be different to the price noted above and that the market price of the Shares will change up to the date of the Meeting. The effect on the valuation for the Tranche 2 Placement Shares, of movements in the market price of the Shares is set out below:

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<b>Market Price</b>	<b>Valuation Total Mr Michael Clarke</b>	<b>Valuation Total Mr Athan Lekkas</b>	<b>Valuation Total Mr Geoff Barnes</b>
	19,393,939 Shares	19,393,939 Shares	19,393,939 Shares
\$0.005	\$96,969.70	\$96,969.70	\$96,969.70
\$0.010	\$193,939.39	\$193,939.39	\$193,939.39
\$0.015	\$290,909.09	\$290,909.09	\$290,909.09
\$0.020	\$387,878.78	\$387,878.78	\$387,878.78

(2) Trading History of the Shares (over the past 12 months)

As at 9 June 2016 the closing price of the Shares on ASX was \$0.008.

Set out below is the trading history of the Shares over the past 12 months.

	<b>Market Price 09/06/2016</b>	<b>Closing price during prior 6 months</b>	<b>Closing Price during prior 12 months</b>
High	0.008	0.02	0.024
Low	0.008	0.006	0.005

(3) Opportunity Costs

The opportunity costs and benefits foregone by the Company issuing the Tranche 2 Placement Shares is the dilutionary impact on the issued share capital of the Company. The issue of the Tranche 2 Placement Bonus Options will not have a dilutionary impact on the Company, however, if any of these Options are exercised, there will be a dilutionary impact on the Company. To the extent that the dilutionary impact caused by the issue of the Tranche 2 Placement Shares or the exercise of the Tranche 2 Placement Bonus Options will be detrimental to the Company, this is more than offset by the Company receiving the consideration paid by the Recipients for the Tranche 2 Placement Shares or the consideration payable on exercise of the Tranche 2 Placement Bonus Options.

It is also considered that the potential increase of value in the Tranche 2 Placement Shares and the Tranche 2 Placement Bonus Options is dependent upon a concomitant increase in the value of the Company generally.

(4) Taxation Consequences

No stamp duty will be payable in respect of the issue of neither the Tranche 2 Placement Shares or the Tranche 2 Placement Bonus Options. No GST will be payable by the Company in respect of the issue of the Tranche 2 Placement Shares or the Tranche 2 Placement Bonus Options (or if it is then it will be recoverable as an input credit).

(5) Dilutionary Effect

If all the Tranche 2 Placement Shares are issued to the Recipients per Resolutions 6, 7 and 8, the dilutionary effect on the issued capital of the Company is set out in Attachment 2.

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## 8.3 ASX Listing Rule 10.11

Listing Rule 10.11 requires the approval of Shareholders before securities in the Company can be issued to a related party. If approval is given under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1.

In accordance with Listing Rule 7.2 (exception 14), as approval is being sought under Listing Rule 10.11, approval is not required to be obtained under Listing Rule 7.1.

The following information is given under Listing Rule 10.13 in relation to securities that are proposed to be issued pursuant to Resolutions 6, 7 and 8.

<b>Related Party</b>	<p>In respect of Resolution 6:</p> <ol style="list-style-type: none"> <li>1. Mr Michael Clarke or his nominees.</li> <li>2. Mr Michael Clarke is a related party for the purpose of Chapter 10 of the Listing Rules because he is a Director of the Company. As at the date of this Notice, Mr Clarke and parties associated with him hold 2,000,000 Shares in the Company.</li> </ol> <p>In respect of Resolution 7:</p> <ol style="list-style-type: none"> <li>1. Mr Athan Lekkas or his nominees.</li> <li>2. Mr Athan Lekkas is a related party for the purpose of Chapter 10 of the Listing Rules because he is a Director of the Company. As at the date of this Notice, Mr Lekkas and parties associated with him hold 13,200,000 Shares and 6,000,000 2015 Series "B" Options.</li> </ol> <p>In respect of Resolution 8:</p> <ol style="list-style-type: none"> <li>1. Mr Geoff Barnes or his nominees.</li> <li>2. Mr Geoff Barnes is a related party for the purpose of Chapter 10 of the Listing Rules because he is a Director of the Company. As at the date of this Notice, Mr Barnes and parties associated with him hold 85,000,000 Shares and 33,450,000 2015 Series "B" Options.</li> </ol>
<b>Maximum number of securities to be issued</b>	<p>In respect of Resolution 6, up to 19,393,939 Tranche 2 Placement Shares and up to 6,464,646 Tranche 2 Placement Bonus Options.</p> <p>In respect of Resolution 7, up to 19,393,939 Tranche 2 Placement Shares and up to 6,464,646 Tranche 2 Placement Bonus Options.</p> <p>In respect of Resolution 8, up to 19,393,939 Tranche 2 Placement Shares and up to 6,464,646 Tranche 2 Placement Bonus Options.</p>
<b>Date the Company may issue the securities</b>	<p>The Company may issue the Tranche 2 Placement Shares and the Tranche 2 Placement Bonus Options the subject of Resolutions 6, 7 and 8 to the Recipients within one month after the date of the Meeting. The Tranche 2 Placement Shares and the Tranche 2 Placement Bonus Options the subject of Resolutions 6, 7 and 8 will be issued progressively.</p>
<b>Issue price of the shares and options</b>	<p>\$0.0066 per Tranche 2 Placement Share.</p> <p>The issue price of each Tranche 2 Placement Bonus Option is nil.</p>
<b>Intended use of funds</b>	<p>The funds raised by the issue of the Tranche 2 Placement Shares the subject of Resolutions 6, 7 and 8 are intended to be used to provide working and investment capital to the Company. No funds will be raised from the issue of the Tranche 2 Placement Bonus Options the subject of Resolutions 6, 7 and 8.</p>

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Save as set out in this Explanatory Memorandum, the Directors are not aware of any other information that will be reasonably required by Shareholders to make a decision in relation to benefits contemplated by Resolutions 6, 7 and 8.

## 9. Resolutions 9, 10 and 11 – Approval for the issue of Shares and Options to Mr Michael Clarke, Mr Athan Lekkas and Mr Geoff Barnes

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### 9.1 Background

The performance of the Company depends upon the quality of its Directors. The compensation structure is designed to strike an appropriate balance between fixed and variable remuneration, rewarding capability and experience and providing recognition for contribution to the Company's overall goals and objectives. In deciding the remuneration and incentives of the Directors, the Board considers that there should be an appropriate mix of remuneration comprising cash and securities to link the remuneration of the Directors to the financial performance of the Company. Equity based incentives consistent with the Company's remuneration policy better aligns the Directors' performance with the Company's financial position.

The Board also believes that an equity-based remuneration component helps it to attract and retain the best Directors. The Directors consider the remuneration policy to be a sensible and well balanced policy which allows them to adjust the remuneration mix appropriately to the Company's changing circumstances.

The Directors have been mindful to limit the operational costs of the Company and as such, the cash fees payable to Directors have been limited.

Accordingly, Resolutions 9, 10 and 11 seek the approval of Shareholders for the issue and allotment of a total of 35,000,000 Shares (in aggregate) (**Director Incentive Shares**) and a total of 35,000,000 Options (in aggregate) exercisable at \$0.02 each and expiring on 20 February 2018 (**Director Incentive Options**) to the Directors or their nominees as follows:

- (a) up to 5,000,000 Director Incentive Shares and 5,000,000 Director Incentive Options to Mr Michael Clarke or his nominees;
- (b) up to 15,000,000 Director Incentive Shares and 15,000,000 Director Incentive Options to Mr Athan Lekkas or his nominees; and
- (c) up to 15,000,000 Director Incentive Shares and 15,000,000 Director Incentive Options to Mr Geoff Barnes or his nominees.

(together the **Recipients**).

If the Directors are issued all of the Director Incentive Shares as sought, their voting power will change as follows:

- (a) Michael Clarke's voting power (based on his current shareholding) will increase from 0.39% to 3.43%;
- (b) Athan Lekkas' voting power (based on his current shareholding) will increase from 2.55% to 6.23%; and
- (c) Geoff Barnes's voting power (based on his current shareholding) will decrease from 16.44% to 14.81%.

The above voting power assumes the following:

- (a) that the SPP is undertaken and fully subscribed;



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- (b) that Michael Clarke (and controlled entities) subscribes for up to \$15,000 worth of Shares under the SPP and that each of Athan Lekkas and Geoff Barnes (and controlled entities) subscribe for up to \$30,000 worth of Shares under the SPP;
- (c) that all Tranche 2 Placement Shares, including all Tranche 2 Placement Shares the subject of Resolutions 6, 7 and 8, are issued; and
- (d) that all Director Incentive Shares are issued.

Attachment 3 sets out these figures in full.

The Director Incentive Shares will be issued to the Recipients at an issue price of \$0.001 per Share. There will be no consideration payable for the Director Incentive Options.

The Director Incentive Shares and the Director Incentive Options will form part of the remuneration for each of the current Directors and will assist in aligning the performance of the Directors with the performance of the Company. The Directors believe that the issue of the Director Incentive Shares and Director Incentive Options are reasonable remuneration for the Directors and provide appropriate incentives for the Directors to commit time and resources towards leading the Company and capitalising on its potential and growing the business for the benefit of the Shareholders.

The Director Incentive Shares will be issued as fully paid ordinary shares to each of the Directors of the Company respectively, following the payment of the issue price of the shares to the Company by each Director.

Any issue and allotment of the Director Incentive Shares and the Director Incentive Options to Directors must occur within 1 month of this Meeting pursuant to ASX Listing Rule 10.13.

## 9.2 Chapter 2E of the Corporations Act

Details regarding Chapter 2E of the Corporations Act are set out in section 8.2 above.

The proposed Resolutions 9, 10 and 11 if passed, will confer a financial benefit on the Recipients. Each Director is considered a related party of the Company.

Accordingly, the Company seeks to obtain Shareholder approval for the giving of a financial benefit to the Recipients through the issue of the Director Incentive Shares and Director Incentive Options, in accordance with the requirements of Chapter 2E of the Corporations Act. For this reason, and for all other purposes, the following information is provided to Shareholders.

- (a) **The related party to whom Resolutions 9, 10 and 11 would permit the financial benefit to be given**

In respect of Resolution 9, Mr Michael Clarke, a Director of the Company, (or his nominees).

In respect of Resolution 10, Mr Athan Lekkas, a Director of the Company, (or his nominees).

In respect of Resolution 11, Mr Geoff Barnes, a Director of the Company, (or his nominees).

# Explanatory Memorandum

## (b) The nature of the financial benefit

The nature of the proposed financial benefit to be given to each Recipient is the issue of the following number of Director Incentive Shares at an issue price of \$0.001 per Share and Director Incentive Options:

- (1) in respect of Resolution 9, up to 5,000,000 Shares (valued at \$36,450 and raising up to \$5,000) and 5,000,000 Options (valued at \$4,025.37) to Mr Michael Clarke or his nominees;
- (2) in respect of Resolution 10, up to 15,000,000 Shares (valued at \$109,350 and raising up to \$15,000) and 15,000,000 Options (valued at \$12,076.12) to Mr Athan Lekkas or his nominees;
- (3) in respect of Resolution 11, up to 15,000,000 Shares (valued at \$109,350 and raising up to \$15,000) and 15,000,000 Options (valued at \$12,076.12) to Mr Geoff Barnes or his nominees.

## (c) Directors' recommendation

Mr Michael Clarke has an interest in the outcome of Resolution 9.

Mr Athan Lekkas has an interest in the outcome of Resolution 10.

Mr Geoff Barnes has an interest in the outcome of Resolution 11.

Because of their interests in the outcome of Resolutions 9 - 11, Mr Clarke, Mr Lekkas and Mr Barnes do not make a recommendation in relation to Resolutions 9 - 11.

## (d) Director's interests and other remuneration

Details of the interests and other remuneration of each Director are set out in section 8.2(d) above.

## (e) Valuation

Shares in the same class as the Director Incentive Shares are currently quoted on the ASX and as such will have a tradeable market value.

Information regarding the indicative market value of the Director Incentive Shares the subject of Resolutions 9, 10 and 11 are set out in the table below based on the following:

- (1) the ASX Market Price of Shares on 03/06/2016 (\$0.008); and
- (2) the VWAP of the Company's Shares for the 15 trading days between 19 May 2016 and 3 June 2016 (\$0.00729).

Director	No. of Shares	Value based on closing price on 09/06/2016 (\$0.008)	Value based on 15 trading day VWAP (\$0.00729)	Issue Price (\$0.001)
Mr Michael Clarke (Resolution 9)	5,000,000	\$40,000	\$36,450.00	\$5,000

# Explanatory Memorandum

Director	No. of Shares	Value based on closing price on 09/06/2016 (\$0.008)	Value based on 15 trading day VWAP (\$0.00729)	Issue Price (\$0.001)
Mr Athan Lekkas (Resolution 10)	15,000,000	\$120,000	\$109,350.00	\$15,000
Mr Geoff Barnes (Resolution 11)	15,000,000	\$120,000	\$109,350.00	\$15,000

In the event that the Director Incentive Shares are issued at \$0.001 per Share, this would represent a 87.50% discount to the closing Share price on 9 June 2016 (being \$0.008 per Share) and would represent a discount of approximately 86.28% to the VWAP for the 15 trading days between 19 May 2016 and 3 June 2016.

## (f) Valuation of Director Incentive Options

The Director Incentive Options are not currently quoted on the ASX and as such have no market value. The Director Incentive Options each grant the holder a right to receive one ordinary Share in the Company upon exercise of one Director Incentive Option and payment of the exercise price of the Director Incentive Option. Accordingly, the Director Incentive Options may have a present value at the date of their grant.

The Director Incentive Options may acquire future value dependent upon the extent to which the Shares exceed the exercise price of the Director Incentive Options during the exercise period of the Director Incentive Options.

As a general proposition, and as outlined further above in section 8.2(f) options to subscribe for ordinary fully paid shares in a company have a value which is impacted by various factors.

There are various formulae which can be applied to determining the theoretical value of options (including the formula known as the Black-Scholes Model option valuation formula and the Binomial Model option valuation formula).

The Company has undertaken a valuation of the Options the subject of Resolutions 9, 10 and 11, for the purposes of disclosing to Shareholders such information required to decide whether or not it is in the Company's interest to pass Resolutions 9, 10 and 11 and disclosing expenses in the Company's Financial Statements in accordance with AASB 2 Share Based Payments, using the Black Scholes Model, which is the most widely used and recognised model for pricing options. The value of an option calculated by the Black Scholes Model is a function of the relationship between a number of variables, being the price of the underlying Share at the time of issue, the exercise price, the time to expiry, the risk free interest rate, the volatility of the Company's underlying Share price and expected dividends.

Inherent in the application of the Black Scholes Model are a number of inputs, some of which must be assumed. The data relied upon in applying the Black Scholes Model was:

- (1) a Share price of \$0.00729 (being the VWAP of the Company's Shares for the 15 trading days between 19 May 2016 and 3 June 2016);
- (2) exercise price: \$0.02;
- (3) expiry date of 20 February 2018;

# Explanatory Memorandum

- (4) a volatility measure of 70%;
- (5) a risk-free interest rate of 3.5%; and
- (6) a dividend yield of 0.00%.

Based on the valuation of the Director Incentive Options, the Company believes that the respective value of the Director Incentive Options to be issued pursuant to Resolutions 9, 10 and 11 are as follows for each Director, on the basis of a value per Option of \$0.0008:

Director	Maximum No. of Options	Value based on (\$0.0008) per Option
Mr Michael Clarke (Resolution 9)	5,000,000	\$4,025.37
Mr Athan Lekkas (Resolution 10)	15,000,000	\$12,076.12
Mr Geoff Barnes (Resolution 11)	15,000,000	\$12,076.12
Total	35,000,000	\$28,177.61

The impact on the Directors' overall remuneration package (if Shareholder approval is obtained for Resolutions 9 – 11) is as follows:

Director	Directors Fees	Director Incentive Shares	Director Incentive Options	Overall remuneration package <sup>1, 2</sup>
Mr Michael Clarke	\$60,000.00	\$36,450.00	\$4,025.37	\$100,475
Mr Athan Lekkas	\$60,000.00	\$109,350.00	\$12,076.12	\$181,426
Mr Geoff Barnes	\$60,000.00	\$109,350.00	\$12,076.12	\$181,426

1 This assumes the value of the Director Incentive Shares is using the 15 day VWAP.

2 This assumes that all Director Incentive Shares are issued and that shareholder approval is obtained to issue the Director Incentive Shares and Options.

3 This assumes that none of the Series B Options are exercised as their terms do not permit exercise at this time.

(g) **Any other information that is reasonably required by Shareholders to make a decision and that is known to the Company or any of its Directors**

There is no other information known to the Company or any of the Directors save and except as follows:

(1) **Market Price movements:**

The valuation of the Director Incentive Shares noted above is based on a market price of the Shares.

There is a possibility that the market price of the Shares on the date of issue of the Director Incentive Shares will be different to the price noted above and that the market price of the Shares will change up to the date of the Meeting. The

# Explanatory Memorandum

effect on the valuation for the Director Incentive Shares, of movements in the market price of the Shares is set out below:

<b>Market Price</b>	<b>Valuation Total Mr Michael Clarke</b>	<b>Valuation Total Mr Athan Lekkas</b>	<b>Valuation Total Mr Geoff Barnes</b>
	5,000,000 Shares	15,000,000 Shares	15,000,000 Shares
\$0.005	\$25,000.00	\$75,000.00	\$75,000.00
\$0.010	\$50,000.00	\$150,000.00	\$150,000.00
\$0.015	\$75,000.00	\$225,000.00	\$225,000.00
\$0.020	\$100,000.00	\$300,000.00	\$300,000.00

## (2) Trading History of the Shares (over the past 12 months)

As at 9 June 2016 the closing price of the Shares on ASX was \$0.008.

Set out below is the trading history of the Shares over the past 12 months.

	<b>Market Price 09/06/2016</b>	<b>Closing price during prior 6 months</b>	<b>Closing Price during prior 12 months</b>
High	\$0.008	\$0.02	\$0.024
Low	\$0.008	\$0.006	\$0.005

## (3) Opportunity Costs

The opportunity costs and benefits foregone by the Company issuing the Director Incentive Shares is the dilutionary impact on the issued share capital of the Company. The issue of the Director Incentive Options will not have a dilutionary impact on the Company, however, if any of these Options are exercised, there will be a dilutionary impact on the Company. To the extent that the dilutionary impact caused by the issue of the Director Incentive Shares or the exercise of the Director Incentive Options will be detrimental to the Company, this is more than offset by the advantages accruing from the Company securing the services of experienced and skilled directors on appropriate incentive terms.

It is also considered that the potential increase of value in the Director Incentive Shares and the Director Incentive Options is dependent upon a concomitant increase in the value of the Company generally.

## (4) Taxation Consequences

No stamp duty will be payable in respect of the issue of the Director Incentive Shares. No GST will be payable by the Company in respect of the grant of the Director Incentive Shares (or if it is then it will be recoverable as an input credit).

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## (5) Dilutionary Effect

If all the Director Incentive Shares and the Director Incentive Options are issued to the Recipients per Resolutions 9, 10 and 11, the dilutionary effect on the issued capital of the Company is set out in Attachment 2.

### 9.3 ASX Listing Rule 10.11

Listing Rule 10.11 requires the approval of Shareholders before securities in the Company can be issued to a related party. If approval is given under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1.

In accordance with Listing Rule 7.2 (exception 14), as approval is being sought under Listing Rule 10.11, approval is not required to be obtained under Listing Rule 7.1.

The following information is given under Listing Rule 10.13 in relation to securities that are proposed to be issued pursuant to Resolutions 9, 10 and 11.

<b>Related Party</b>	<p>In respect of Resolution 9:</p> <ol style="list-style-type: none"><li>1. Mr Michael Clarke or his nominees.</li><li>2. Mr Michael Clarke is a related party for the purpose of Chapter 10 of the Listing Rules because he is a Director of the Company. As at the date of this Notice, Mr Clarke and parties associated with him hold 2,000,000 Shares in the Company.</li></ol> <p>In respect of Resolution 10:</p> <ol style="list-style-type: none"><li>1. Mr Athan Lekkas or his nominees.</li><li>2. Mr Athan Lekkas is a related party for the purpose of Chapter 10 of the Listing Rules because he is a Director of the Company. As at the date of this Notice, Mr Lekkas and parties associated with him hold 13,200,000 Shares and 6,000,000 2015 Series "B" Options.</li></ol> <p>In respect of Resolution 11:</p> <ol style="list-style-type: none"><li>1. Mr Geoff Barnes or his nominees.</li><li>2. Mr Geoff Barnes is a related party for the purpose of Chapter 10 of the Listing Rules because he is a Director of the Company. As at the date of this Notice, Mr Barnes and parties associated with him hold 85,000,000 Shares and 33,450,000 2015 Series "B" Options.</li></ol>
<b>Maximum number of securities to be issued</b>	<p>In respect of Resolution 9, up to 5,000,000 Director Incentive Shares and up to 5,000,000 Director Incentive Options.</p> <p>In respect of Resolution 10, up to 15,000,000 Director Incentive Shares and up to 15,000,000 Director Incentive Options.</p> <p>In respect of Resolution 11, up to 15,000,000 Director Incentive Shares and up to 15,000,000 Director Incentive Options.</p>
<b>Date the Company will issue the securities</b>	<p>The Company will issue the Director Incentive Shares and Director Incentive Options to the Recipients within one month after the date of the Meeting. The Director Incentive Shares and Director Incentive Options will be issued progressively.</p>
<b>Issue price of the shares and options</b>	<p>\$0.001 per Director Incentive Share.</p> <p>The issue price of each Director Incentive Option is nil.</p>
<b>Intended use of funds</b>	<p>The funds raised by the issue of the Director Incentive Shares are intended to be used to provide working and investment capital to the</p>

# Explanatory Memorandum

	Company. No funds will be raised from the issue of the Director Incentive Options.
--	--

Save as set out in this Explanatory Memorandum, the Directors are not aware of any other information that will be reasonably required by Shareholders to make a decision in relation to benefits contemplated by Resolutions 9, 10 and 11.

## 10. Resolution 12: Approval to issue Future Placement Shares

### 10.1 Introduction

Resolution 12 seeks shareholder approval to issue up to \$5,000,000 worth of new Shares (**Future Placement Shares**) at an issue price per Share of not less than 80% of the volume weighted average market price of the Shares calculated over the last 5 days on which sales in the Shares were recorded before the day on which the Placement Shares are issued to various unrelated sophisticated, professional or other investors that fall within one or more of the classes of exemptions specified in section 708 of the Corporations Act.

The funds raised by the issue of the Future Placement Shares will be used by the Company to provide working and investment capital to the Company.

At this stage the Company has not committed to undertaking the issue of the Future Placement Shares, nor the price at which the Future Placement Shares will be issued. However, pursuant to Resolution 12 the Company is seeking the approval of Shareholders to provide it with flexibility to undertake the placement within three (3) months following the Meeting.

### 10.2 ASX Listing Rule 7.1

In accordance with Listing Rule 7.1, Shareholder approval is sought for the issue of the Future Placement Shares to one or more unrelated sophisticated, professional or other investors that fall within one or more of the classes of exemptions specified in section 708 of the Corporations Act.

Listing Rule 7.1 prohibits a company, except in certain cases, from issuing new equity securities equivalent in number to more than 15% of its capital in any 12 month period without the prior approval of its shareholders. Equity securities issued with shareholder approval under Listing Rules 7.1 or 7.4 do not count towards the 15% limit under Listing Rule 7.1 or the 10% limit under Listing Rule 7.1A.

By passing Resolution 12, the Company will be permitted to issue the Future Placement Shares during the 3 months after the meeting without using the Company's placement capacity pursuant to Listing Rule 7.1.

For the purposes of Listing Rule 7.3, the Company provides the following information:

<b>Maximum Number of securities to be issued</b>	Up to \$5,000,000 worth of Future Placement Shares may be issued within three months after the date of the Meeting. The number of Future Placement Shares to be issued will be determined by dividing the value of the placement by the issue price of the Future Placement Shares (as determined by the Directors subject to the parameters set out below).
<b>Date by which the Company will issue the securities</b>	The Future Placement Shares will be issued within three months after the date of the Meeting. Future Placement Shares will be issued progressively.

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<b>Issue price of the securities</b>	The Future Placement Shares will be issued for an issue price per Future Placement Share to be determined by the Directors, which shall be not less than 80% of the volume weighted average market price of the Shares calculated over the last 5 days on which sales in the Shares were recorded before the day on which the Future Placement Shares are issued.
<b>Recipients of the securities</b>	The Future Placement Shares will be issued to one or more unrelated sophisticated, professional or other investors that fall within one or more of the classes of exemptions specified in section 708 of the Corporations Act. The Future Placement Shares will not be issued to any recipient who, upon such issue, and in combination with that recipient's associates, would have a Relevant Interest in excess of 19.99% of the Shares in the Company, unless further Shareholder approval is obtained or the issue of Future Placement Shares to that recipient otherwise complies with Chapter 6 of the Corporations Act.
<b>Terms of the securities to be issued</b>	The Future Placement Shares issued will be fully paid ordinary shares and rank equally with all other existing Shares presently on issue.
<b>Intended use of funds</b>	The funds raised from the issue of the Future Placement Shares (up to \$5,000,000) are intended to be used for working and investment capital.

## 10.3 Director Recommendation

The Board recommends that Shareholders vote in favour of this Ordinary Resolution.

## 11. Voting entitlement

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For the purposes of determining voting entitlements at the Meeting, shares will be taken to be held by the persons who are registered as holding the Shares at 7.00pm (Sydney time) on 17 July 2016.

Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

## 12. Interpretation

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The following terms used in the Notice of Meeting and the Explanatory Memorandum are defined as follows:

**AGM** means annual general meeting.

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means the ASX Limited.

**Board** means the board of Directors of the Company from time to time.

**Business Day** means a day on which all banks are open for business generally in Sydney.

**Chair** means the person chairing the Meeting.

**Closely Related Party** or **CRP** (as defined in the Corporations Act) of a member of the Key Management Personnel for an entity means:



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- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant 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 dealings with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the regulations for the purposes of the definition of closely related party.

**Company** or **FGF** means First Growth Funds Limited ACN 006648835.

**Constitution** means the constitution of the Company from time to time.

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

**Directors** mean the directors of the Company from time to time.

**Director Incentive Options** has the meaning given to that term in the Notice of Meeting in respect of Resolutions 9, 10 and 11.

**Director Incentive Shares** has the meaning given to that term in the Notice of Meeting in respect of Resolutions 9, 10 and 11.

**Eligible Shareholders** means those Shareholders who are eligible to participate in the Share Purchase Plan.

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

**Explanatory Memorandum** means the explanatory statement accompanying this Notice.

**Financial Benefit** has the meaning given to that term in section 229 of the Corporations Act.

**Future Placement Shares** has the meaning given to that term in the Notice of Meeting in respect of Resolution 12.

**Key Management Personnel** or **KMP** has the definition given in the Accounting Standard AASB 124 *Related Party Disclosure* as 'those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity'.

**Listing Rules** means the official listing rules of the ASX as amended from time to time.

**Market Price** has the meaning given to that term in the Listing Rules.

**Meeting** means the Extraordinary General Meeting to be held on 19 July 2016 as convened by the accompanying Notice of Meeting.

**Notice of Meeting** or **Notice** means the notice of meeting giving notice to shareholders of the Meeting, accompanying this Explanatory Memorandum.

**Ordinary Resolution** means a resolution passed by more than 50% of the votes cast at a general meeting of shareholders.

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**Placement Bonus Options** means the Tranche 1 Placement Bonus Options and the Tranche 2 Placement Bonus Options.

**Re-capitalisation Process** means the issue of the Tranche 1 Placement Shares, the Tranche 1 Placement Bonus Options, Tranche 2 Placement Shares, the Tranche 2 Placement Bonus Options, the SPP Shares, the SPP Bonus Options, the Director Incentive Shares and the Director Incentive Options.

**Recipients** has the meaning given to that term in the Notice of Meeting in respect of Resolutions 6 – 11.

**Related Party** has the meaning in section 228 of the Corporations Act.

**Resolutions** means the resolutions set out in the Notice of Meeting.

**Securities** has the meaning in section 92(1) of the Corporations Act.

**Shares** means fully paid ordinary shares in the Company from time to time.

**Shareholder** means a shareholder of the Company.

**Shortfall Shares** has the meaning given to that term in the Notice of Meeting in respect of Resolution 5.

**Share Purchase Plan** or **SPP** means the share purchase plan to be undertaken by the Company pursuant to the SPP Terms and Conditions dated on or about 20 June 2016.

**SPP Bonus Options** has the meaning given to that term in the Notice of Meeting in respect of Resolution 4.

**SPP Shortfall Bonus Options** has the meaning given to that term in the Notice of Meeting in respect of Resolution 5.

**Trading Day** has the meaning given to that term in the Listing Rules.

**Tranche 2 Placement** means the issue of the Tranche 2 Placement Shares and the Tranche 2 Placement Bonus Options.

**Tranche 1 Placement Bonus Options** has the meaning given to that term in the Notice of Meeting in respect of Resolution 2.

**Tranche 2 Placement Bonus Options** has the meaning given to that term in the Notice of Meeting in respect of Resolution 3.

**Tranche 1 Placement Shares** has the meaning given to that term in the Notice of Meeting in respect of Resolution 1.

**Tranche 2 Placement Shares** means has the meaning given to that term in the Notice of Meeting in respect of Resolution 3.

**Voting Power** has the meaning given to that term in the Corporations Act.

**VWAP** means the volume weighted average market price of Shares as traded on ASX.

Any inquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to Ms Frances Notman (Company Secretary):

Level 5, 56 Pitt Street

# Explanatory Memorandum

Sydney NSW 2000 Australia  
02 8651 7800

## Attachment 1 – Series “C” Options Terms

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### Terms and conditions summary

1. The Options shall be issued on the following basis:
  - (a) **Tranche 1 Placement Bonus Options** - to shareholders who were issued Tranche 1 Placement Shares, on the basis of one Tranche 1 Placement Bonus Option for every three Tranche 1 Placement Shares issued;
  - (b) **Tranche 2 Placement Bonus Options** – to investors who were issued Tranche 2 Placement Shares, on the basis of one Tranche 2 Placement Bonus Option for every three Tranche 2 Placement Shares issued;
  - (c) **SPP Bonus Options** - to shareholders who were issued Shares pursuant to the SPP, on the basis of one SPP Bonus Option for every three Shares issued pursuant to the SPP;
  - (d) **SPP Shortfall Bonus Options** - to investors who were issued Shortfall Shares, on the basis of one SPP Shortfall Bonus Option for every three Shortfall Shares issued;
  - (e) **Director Incentive Options** – to Directors (or their nominees) in accordance with Resolutions 9, 10 and 11.
2. The Options shall be issued for no cash consideration;
3. The exercise price of each Option is \$0.02 (**Exercise Price**);
4. The Options will expire on 20 February 2018 (**Expiry Date**) unless earlier exercised;
5. The Options are transferrable;
6. The Options may be exercised at any time wholly or in part by delivering a duly completed form of notice of exercise together with payment for the Exercise Price per Option to the Company at any time on or after the date of issue of the Options and on or before the Expiry Date. Payment may be made as directed by the Company from time to time, which may include by cheque, electronic funds transfer or other methods;
7. The number of Options that may be exercised at one time must be not less than 1000, unless the Option holder holds less than 1000 options in which case all options must be exercised at one time;
8. Upon the valid exercise of the Options and payment of the Exercise Price, the Company will issue fully paid ordinary shares ranking pari passu with the then issued ordinary shares within 10 business days of valid exercise and payment;
9. Option holders do not have any right to participate in new issues of securities in the Company made to shareholders generally. The Company will, where required pursuant to the ASX Listing Rules, provide Option holders with notice prior to the books record date (to determine entitlements to any new issue of securities made to shareholders generally) to exercise the Options, in accordance with the requirements of the Listing Rules.
10. Option holders do not participate in any dividends unless the Options are exercised and the resultant shares of the Company are issued prior to the record date to determine entitlements to the dividend;
11. In the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company:

- (a) the number of Options, the Exercise Price of the Options, or both will be reorganised (as appropriate) in a manner consistent with the ASX Listing Rules as applicable at the time of reorganisation, but with the intention that such reorganisation will not result in any benefits being conferred on the holders of the Options which are not conferred on shareholders; and
  - (b) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of shareholders approving a reorganisation of capital, in all other respects the terms for the exercise of the Options will remain unchanged;
12. If there is a pro rata issue (except a bonus issue), the Exercise Price of an Option may be reduced according to the following formula:
- $$O^n = O - \frac{E [P - (S + D)]}{N + 1}$$
- Where:
- $O^n$  = the new exercise price of the Option;
  - $O$  = the old exercise price of the Option;
  - $E$  = the number of underlying securities into which one Option is exercisable;
  - $P$  = the volume weighted average market price per security of the underlying securities during the 5 trading days ending on the day before the ex right date or the ex entitlements date;
  - $S$  = the subscription price for a security under the pro rata issue;
  - $D$  = dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue);
  - $N$  = the number of securities with rights or entitlements that must be held to receive a right to one new security.
13. If there is a bonus issue to the holders of shares in the Company, the number of shares over which the Option is exercisable may be increased by the number of shares which the Option holder would have received if the Option had been exercised before the record date for the bonus issue;
14. The terms of the Options shall only be changed if holders (whose votes are not to be disregarded) of ordinary shares in the Company approve of such a change. However, unless all necessary waivers of the ASX Listing Rules are obtained, the terms of the Options shall not be changed to reduce the Exercise Price, increase the number of Options or change any period for exercise of the Options;
15. The Company shall apply for listing of the Options on the ASX; and
16. The Company shall apply for listing on the ASX of the resultant shares of the Company issued upon exercise of any Option.

## Attachment 2 – Dilutionary effect

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### Effect on Capital Structure

#### Shares

	Number	% interest in total issued share capital
Shares currently on issue (including Tranche 1 Placement Shares)	516,920,051	61.78%
Shares offered pursuant to the SPP and Shortfall Shares <sup>1</sup>	134,848,762	16.12%
Shares offered pursuant to the Tranche 2 Placement <sup>2</sup>	150,000,000	17.94%
Shares issued to Directors (Director Incentive Shares)	35,000,000	4.18%
<b>Total Shares on issue after completion of the above<sup>3</sup></b>	<b>836,768,813</b>	<b>100%</b>

1 This assumes that the maximum number of SPP Shares are issued.

2 This assumes that the maximum number of Placement Shares are issued.

3 This assumes that none of the Series B Options are exercised as their terms do not permit exercise at this time.

#### Options

	Number	% interest in total issued option
Options currently on issue	272,866,800	64.16%
Expected number of SPP Options and Shortfall Options to be issued <sup>1</sup>	44,949,588	10.57%
Expected number of Placement Options to be issued <sup>2</sup>	72,474,725	17.04%
Expected number of Director Options to be issued (Director Incentive Options)	35,000,000	8.23%
<b>Total Options on issue after completion of the above<sup>3</sup></b>	<b>425,291,113</b>	<b>100%</b>

1 The number of SPP Options and Shortfall Options to be issued depends on the total number of Shares issued pursuant to the SPP and the Shortfall. This assumes that fractional entitlements to options are rounded down and that the maximum number of SPP Options are issued.

2 The number of Placement Options to be issued depends on the total number of Placement Shares issued. This assumes that fractional entitlements to options are rounded down and that the maximum number of Placement Options are issued.

3 This assumes that none of the Series B Options are exercised as their terms do not permit exercise at this time.

### Attachment 3 – Directors’ direct and indirect holdings

#### Shares

Director (including associated entities)	Current Shareholding (Direct and Indirect) <sup>1</sup>	% of Total Share Capital (516,920,051 Shares on issue) <sup>1</sup>	Shareholding upon issue of the SPP Shares <sup>1, 2</sup>	% of Total Share Capital following issue of SPP shares (651,768,813 Shares on Issue) <sup>1, 2</sup>	Shareholding upon issue of Tranche 2 Placement Shares <sup>1, 2, 3</sup>	% of Total Share Capital following issue of Tranche 2 Placement Shares (801,768,813 Shares on Issue) <sup>1, 2, 3</sup>	Shareholding upon issue of Director Incentive Shares <sup>1, 2, 3, 4</sup>	% of Total Share Capital following issue of Director Incentive Shares (836,768,813 Shares on issue) <sup>1, 2, 3, 4</sup>
Michael Clarke	2,000,000	0.39%	4,272,727	0.66%	28,666,666	2.95%	28,666,666	3.43%
Athan Lekkas	13,200,000	2.55%	17,745,454	2.72%	37,139,393	4.63%	52,139,393	6.23%
Geoff Barnes	85,000,000	16.44%	89,545,454	13.74%	108,939,394	13.59%	123,939,394	14.81%
Other holders	416,720,051	80.62%	540,205,178	82.88%	632,023,361	78.83%	632,023,361	75.83%

1 This includes the Tranche 1 Placement Shares issued on 31 May 2016.

2 This assumes that the SPP is undertaken and fully subscribed. This assumes Michael Clarke (and controlled entities) subscribe for up to \$15,000 worth of Shares under the SPP and that each of Athan Lekkas and Geoff Barnes (and controlled entities) subscribe for up to \$30,000 worth of Shares under the SPP.

3 This assumes that all Tranche 2 Placement Shares, including all Tranche 2 Placement Shares the subject of Resolutions 6, 7 and 8, are issued.

4 This assumes that all Director Incentive Shares are issued.

5 Assuming all SPP Bonus Options, Placement Bonus Options and Director Incentive Options are issued (see the table below for further details) Michael Clarke would hold a total of 12,222,221 Options, Athan Lekkas would hold a total of 28,979,797 Options and Geoff Barnes would hold a total of 56,429,797 Options. If Michael Clarke, Athan Lekkas and Geoff Barnes each exercised all such Options held by them, the maximum interest of each of them in the Shares on issue would be as follows: Michael Clarke, 40,888,887 Shares (4.38%), Athan Lekkas, 81,119,190 Shares (8.68%) and Geoff Barnes, 180,369,190 Shares (19.30%).

## Options

Director (including associated entities)	Current Series B Options	% of Total Option (272,866,800 Options on issue)	Option holding upon issue of SPP Bonus Options <sup>1</sup>	% of Total Options following issue of SPP Bonus Options (317,816,388 Options on Issue) <sup>1</sup>	Option holding upon issue of Placement Bonus Options <sup>1, 2</sup>	% of Total Options following issue of Placement Bonus Options (390,291,113 Options on issue) <sup>1, 2</sup>	Option holding upon issue of Director Incentive Options <sup>1, 2, 3</sup>	% of Total Options following issue of Director Incentive Options (425,291,113 Options on issue) <sup>1, 2, 3</sup>
Michael Clarke	Nil	Nil	757,575	0.24%	7,222,221	1.85%	12,222,221	2.87%
Athan Lekkas	6,000,000	2.20%	7,515,151	2.36%	13,979,797	3.58%	28,979,797	6.81%
Geoff Barnes	33,450,000	12.26%	34,965,151	11.00%	41,429,797	10.62%	56,429,797	13.27%
Other holders	233,416,800	85.54%	274,578,511	86.40%	327,659,298	83.95%	327,659,298	77.04%

1 This assumes that the SPP is undertaken and fully subscribed. This assumes Michael Clarke (and controlled entities) subscribe for up to \$15,000 worth of Shares under the SPP and that each of Athan Lekkas and Geoff Barnes (and controlled entities) subscribe for up to \$30,000 worth of Shares under the SPP. This assumes fractional entitlements to SPP Bonus Options are rounded down.

2 This assumes that all Tranche 2 Placement Shares, including all Tranche 2 Placement Shares the subject of Resolutions 6, 7 and 8, are issued. This assumes fractional entitlements to Tranche 2 Placement Bonus Options are rounded down.

3 This assumes that all Director Incentive Options are issued.



## Proxies and representatives

Shareholders are entitled to appoint a proxy to attend and vote on their behalf. Where a shareholder is entitled to cast two or more votes at the meeting, they may appoint two proxies. Where more than one proxy is appointed, each proxy may be appointed to represent a specific proportion or number of votes the shareholder may exercise. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes. The proxy may, but need not, be a shareholder of the Company.

Shareholders who are a body corporate are able to appoint representatives to attend and vote at the meeting under Section 250D of the *Corporations Act 2001* (Cth).

The proxy form must be signed by the shareholder or his/her attorney duly authorised in writing or, if the shareholder is a corporation, in a manner permitted by the *Corporations Act*.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be deposited at, posted to, or sent by facsimile transmission to the address listed below, or the Share Registry, GPO Box 242, Melbourne VIC 3001 not less than 48 hours before the time for holding the meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

First Growth Funds Limited  
Level 5  
56 Pitt Street  
Sydney, NSW. 2000  
Ph. (02) 8651 7800  
Fax. (02) 9241 6199

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

A proxy form is attached to this Notice.

## Voting entitlement

For the purposes of determining voting entitlements at the Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7.00pm (Sydney time) on 17 July 2016. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

## Signing instructions

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

Individual:	Where the holding is in one name, the holder must sign.
Joint Holding:	Where the holding is in more than one name, all of the security holders should sign.
Power of Attorney:	To sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, 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 indicate the office held by signing in the appropriate place.



First Growth Funds

L I M I T E D

ABN 34 006 648 835

FGF

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

## Lodge your vote:



### By Mail:

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

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

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

### For all enquiries call:

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

## Proxy Form

XX

For your vote to be effective it must be received by 10.30 am (Sydney time) Sunday, 17 July 2016

### 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.**

#### DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

### Signing Instructions

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

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

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

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

### Attending the Meeting

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

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

**Turn over to complete the form** ➔



View your securityholder information, 24 hours a day, 7 days a week:

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



**Review your securityholding**



**Update your securityholding**

**Your secure access information is:**

**SRN/HIN: I9999999999**



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

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



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



I 9999999999

IND

## Proxy Form

Please mark ☒ to indicate your directions

### STEP 1

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

XX

I/We being a member/s of First Growth Funds Limited hereby appoint

☐

the Chairman  
of the Meeting **OR**



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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Extraordinary General Meeting of First Growth Funds Limited to be held at Level 5, 56 Pitt Street, NSW 2000 Sydney on Tuesday, 19 July 2016 at 10.30 am (Sydney time) 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 Items 9, 10 and 11 (except where I/we have indicated a different voting intention below) even though Items 9, 10 and 11 is 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 Items 9, 10 and 11 by marking the appropriate box in step 2 below.

### STEP 2

#### Items of Business



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

		For	Against	Abstain			For	Against	Abstain
1	Ratification of Previous Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8	Approval for the issue of Shares to Geoff Barnes or nominees as part of the Tranche 2 Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Approval to Issue Tranche 1 Placement Bonus Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9	Approval for the issue of Shares and Options to Michael Clarke or his nominees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Approval to Issue Tranche 2 Placement Shares and Tranche 2 Placement Bonus Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10	Approval for the issue of Shares and Options to Athan Lekkas or his nominees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Approval to Issue Share Purchase Plan Bonus Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11	Approval for the issue of Shares and Options to Geoff Barnes or his nominees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Approval to Issue Shortfall from the Share Purchase Plan and Share Purchase Plan Bonus Options in respect of the Shortfall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12	Approval to Issue Future Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	Approval for the issue of Shares and Options to Michael Clarke or nominees as part of the Tranche 2 Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
7	Approval for the issue of Shares to Athan Lekkas or nominees as part of the Tranche 2 Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					

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

### SIGN

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact  
Name

\_\_\_\_\_

Contact  
Daytime  
Telephone

\_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

Date

FGF

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Computershare +



First Growth Funds

LIMITED

ABN 34 006 648 835

FGFRM

MR RETURN SAMPLE  
123 SAMPLE STREET  
SAMPLE SUBURB  
SAMPLETOWN VIC 3030

## Lodge your vote:



### By Mail:

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

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

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

## For all enquiries call:

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

## Proxy Form

XX

For your vote to be effective it must be received by 10.30 am (Sydney time) Sunday, 17 July 2016

## 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.**

### DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

## Signing Instructions

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

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

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

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

## Attending the Meeting

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

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

**Turn over to complete the form** ➔



View your securityholder information, 24 hours a day, 7 days a week:

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



**Review your securityholding**



**Update your securityholding**

**Your secure access information is:**



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



**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.



IND

## Proxy Form

Please mark ☒ to indicate your directions

### STEP 1

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

XX

I/We being a member/s of First Growth Funds Limited hereby appoint

☐

the Chairman  
of the Meeting **OR**



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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Extraordinary General Meeting of First Growth Funds Limited to be held at Level 5, 56 Pitt Street, NSW 2000 Sydney on Tuesday, 19 July 2016 at 10.30 am (Sydney time) 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 Items 9, 10 and 11 (except where I/we have indicated a different voting intention below) even though Items 9, 10 and 11 is 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 Items 9, 10 and 11 by marking the appropriate box in step 2 below.

### STEP 2

#### Items of Business



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

		For	Against	Abstain			For	Against	Abstain
1	Ratification of Previous Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8	Approval for the issue of Shares to Geoff Barnes or nominees as part of the Tranche 2 Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Approval to Issue Tranche 1 Placement Bonus Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9	Approval for the issue of Shares and Options to Michael Clarke or his nominees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Approval to Issue Tranche 2 Placement Shares and Tranche 2 Placement Bonus Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10	Approval for the issue of Shares and Options to Athan Lekkas or his nominees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Approval to Issue Share Purchase Plan Bonus Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11	Approval for the issue of Shares and Options to Geoff Barnes or his nominees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Approval to Issue Shortfall from the Share Purchase Plan and Share Purchase Plan Bonus Options in respect of the Shortfall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12	Approval to Issue Future Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	Approval for the issue of Shares and Options to Michael Clarke or nominees as part of the Tranche 2 Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
7	Approval for the issue of Shares to Athan Lekkas or nominees as part of the Tranche 2 Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					

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

### SIGN

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact  
Name

\_\_\_\_\_

Contact  
Daytime  
Telephone

\_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

Date