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**STARGROUP LIMITED**

**ACN 061 041 281**

**NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE OF SPECIAL GENERAL MEETING OF PERFORMANCE  
SHAREHOLDERS**

**EXPLANATORY STATEMENT**

**AND**

**PROXY FORM**

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Notice is given that the Annual General Meeting will be held at:

**TIME:** 10:00 am (WST)

**DATE:** 29 November 2016

**PLACE:** Plaza Ballroom 3, Hyatt Regency, 99 Adelaide Terrace, Perth, Western  
Australia, 6000

Notice is given that the Special General Meeting of Performance Shareholders will be held at 11:00 am (WST) 29 November 2016 (or as soon as practicable after the Annual General Meeting has concluded), at the Plaza Ballroom 3, Hyatt Regency, 99 Adelaide Terrace, Perth, Western Australia, 6000.

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

***The Explanatory Statement to this Notice provides additional information on matters to be considered at the Annual General Meeting and the Special General Meeting. The Explanatory Statement and the Proxy Forms form part of this Notice. This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.***

***The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5:00 pm WST on 27 November 2016.***

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2016 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

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#### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

*“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2016.”*

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

**Voting Prohibition Statement:**

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

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

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

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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#### 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR JONG HO (JAY) KIM

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

*“That, for the purpose of clause 50.1 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Jong Ho (Jay) Kim, a Director, retires by rotation, and being eligible, is re-elected as a Director.”*

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#### 4. RESOLUTION 3 – ELECTION OF DIRECTOR – MR EVAN MCGREGOR

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

*“That, for the purpose of clause 48.2 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Evan McGregor, a Director who was appointed casually on 25 August 2016, retires, and being eligible, is elected as a Director.”*

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**5. RESOLUTION 4 – APPROVAL OF 10% PLACEMENT CAPACITY**

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

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

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**6. RESOLUTION 5 – RATIFICATION OF PLACEMENT SHARES UNDER ASX LISTING RULES 7.1 AND 7.1A**

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

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 83,333,333 Shares, on the terms and conditions set out in the Explanatory Memorandum.”*

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

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**7. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE OF SHARES UNDER ASX LISTING RULE 7.1A**

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

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 8,908,060 Shares to Mr Jason Warren, on the terms and conditions set out in the Explanatory Memorandum.”*

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

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**8. RESOLUTION 7 – RATIFICATION OF PRIOR ISSUE OF SHARES UNDER ASX LISTING RULE 7.1A**

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

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 5,000,000 Shares, on the terms and conditions set out in the Explanatory Memorandum.”*

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

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**9. RESOLUTION 8 – ISSUE OF PERFORMANCE SHARES**

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

*“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 1,125,000 Performance Shares on the terms and conditions set out in the Explanatory Statement.”*

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

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**10. RESOLUTION 9 – ISSUE OF OPTIONS**

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

*“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 15,000,000 Options on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**11. RESOLUTION 10 – ISSUE OF BROKER OPTIONS**

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

*"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 5,000,000 Broker Options on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**12. RESOLUTION 11 – CANCELLATION OF PERFORMANCE SHARES**

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

*"That subject to the passing of Resolution 1 at the Special General Meeting, pursuant to and for the purposes of sections 256B(1) and 256C(2) of the Corporations Act and for all other purposes, approval is given for the cancellation and extinguishment of 3,000,000 Performance Shares, being the Performance Shares issued by the Company to Messrs Shaun Sutton and Zaffer Soemya, on the terms and conditions and for the purpose set out in the Explanatory Statement."*

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**Dated: 24 October 2016**

**By order of the Board**

A handwritten signature in black ink, appearing to read 'Todd Zani', with a stylized flourish at the end.

**Todd Zani**

**Chief Executive Officer/Executive Chairman**

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## BUSINESS OF THE SPECIAL GENERAL MEETING OF PERFORMANCE SHAREHOLDERS

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### Agenda

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#### 1. RESOLUTION 1 – APPROVAL OF CANCELLATION OF PERFORMANCE SHARES

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

*“That, pursuant to and for the purposes of sections 256B(1) and 256C(2) of the Corporations Act and for all other purposes, approval is given by the Performance Shareholders for the cancellation and extinguishment of 3,000,000 Performance Shares, being all of the Performance Shares issued by the Company to Messrs Shaun Sutton and Zaffer Soemya, on the terms and conditions and for the purposes set out in the Explanatory Statement.”*

Dated: 24 October 2016

By order of the Board

A handwritten signature in black ink, appearing to read 'Todd Zani', with a stylized flourish extending from the bottom right.

Todd Zani

Chief Executive Officer | Executive Chairman

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## VOTING IN PERSON

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

### **Voting by proxy**

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form. As there are separate Proxy Forms for the Meeting of Shareholders and the Special General Meeting of Performance Shareholders, please take care to ensure that the correct Proxy Form is completed.

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

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

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

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

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9208 5834.***

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## EXPLANATORY STATEMENT

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

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### 1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2016 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at [www.starpaymentsystems.com.au](http://www.starpaymentsystems.com.au).

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

#### 2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

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

#### 2.2 Voting consequences

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

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

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.



## **2.3 Previous voting results**

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

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## **3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR JONG HO (JAY) KIM**

### **3.1 General**

ASX Listing Rule 14.4 provides that, other than a managing director, a director of an entity must not hold office (without re-election) past the third Annual General Meeting following the director's appointment or 3 year, whichever is the longer. However, where there is more than one managing director, only one is entitled not to be subject to re-election.

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

Mr Jong Ho (Jay) Kim, who has served as a director since 21 August 2013, and was last re-elected on 18 December 2013, retires by rotation and seeks re-election.

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

Mr Kim is CEO and President of Design Studio Inc. and an Adjunct Professor at Hanyang University in Korea. He was educated in the US in urban design and held a senior non-executive role with prominent Korean multi-national, LG.

Mr Kim is also a respected executive with an extensive network in the casino gaming industry, across Macau, Hong Kong, and Japan. In addition to extensive corporate management and administration experience, Mr Kim brings valued business and advisory experience to the Company to assist in securing cash handling business in Asia.

### **3.3 Independence**

If elected the board considers Mr Kim will be an independent director.

### **3.4 Board recommendation**

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

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## **4. RESOLUTION 3 – ELECTION OF DIRECTOR – MR EVAN MCGREGOR**

### **4.1 General**

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

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

Mr Evan McGregor, having been appointed by other Directors on 25 August 2016, in accordance with the Constitution, will retire in accordance with the Constitution and ASX Listing Rule 14.4 and being eligible, seeks election from Shareholders.

#### **4.2 Qualifications and other material directorships**

##### **Mr Evan McGregor**

Mr. McGregor has a wide range of business development skills as a result of many years' involvement with listed companies such as Asia Infrastructure, Entertainment World, Seolite Australia, Media Entertainment Group and Lond Securities

Mr McGregor has served as a Chairman, Chief Executive Officer and Non-Executive Director of several large organisation and his experience includes strategic analysis, negotiations on complex commercial matters and corporate and financial management, He has also been instrumental in introducing investors to Stargroup through his considerable Australian and overseas networks.

#### **4.3 Independence**

Mr McGregor has no interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to bear on issues before the board and to act in the best interest of the entity and its security holders generally.

If elected the board considers Mr McGregor will be an independent director.

#### **4.4 Board recommendation**

The Board supports the re-election of Mr McGregor and recommends that Shareholders vote in favour of Resolution 3.

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### **5. RESOLUTION 4 – APPROVAL OF 10% PLACEMENT CAPACITY**

#### **5.1 General**

ASX Listing Rule 7.1A provides that an Eligible Entity (as defined below) may seek shareholder approval by special resolution passed at an annual general meeting to have the capacity to issue up to that number of Equity Securities (as defined below) equal to 10% of its issued capital (**10% Placement Capacity**) without using that company's existing 15% annual placement capacity granted under ASX Listing Rule 7.1.

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

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

As at the date of this Notice, the Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation less than \$300,000,000.

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

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

As at the date of this Notice, the Company currently has one (1) class of quoted Equity Securities on issue, being the Shares (ASX Code: STL).

If Shareholders approve Resolution 4, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

Resolution 4 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 4 for it to be passed.

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

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 4:

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

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in section 5.2(a)(i), the date on which the Equity Securities are issued.

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

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

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

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

### **(c) Risk of voting dilution**

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

If Resolution 4 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the market price of Shares and the number of Equity Securities on issue as at 17 October 2016.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	\$0.019 50% decrease in Issue Price	\$0.038 Issue Price	\$0.076 50% increase in Issue Price
594,393,066 (Current Variable A)	Shares issued - 10% voting dilution	59,439,306 Shares	59,439,306 Shares	59,439,306 Shares
	Funds raised	\$1,129,346	\$2,258,693	\$4,517,387
891,589,599 (50% increase in Variable A)	Shares issued - 10% voting dilution	89,158,959 Shares	89,158,959 Shares	89,158,959 Shares
	Funds raised	\$1,694,020	\$3,388,040	\$6,776,080
1,188,786,132 (100% increase in Variable A)	Shares issued - 10% voting dilution	118,878,613 Shares	118,878,613 Shares	118,878,613 Shares
	Funds raised	\$2,258,693	\$4,517,387	\$9,034,774

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

**The table above uses the following assumptions:**

1. There are currently 594,393,066 Shares on issue as at the date of this Notice of Meeting. The issue price set out above is the closing price of the Shares on the ASX on 17 October 2016.
2. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
3. The Company has issued the Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
4. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the

date of issue of the Equity Securities. It is further assumed that no Performance Shares convert to Shares before the date of issue of the Equity Securities.

5. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
6. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
7. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
8. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

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

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

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

- (i) as cash consideration in which case the Company intends to use funds raised for expanding the Company's existing business (including expenses associated with new contracts, pursuing other acquisitions that have a strategic fit or will otherwise add value to Shareholders (including expenses associated with such acquisitions) and general working capital; or
- (ii) as non-cash consideration for the acquisition of new assets and investments, in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

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

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

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;

- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

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

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

The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 30 November 2015 (**Previous Approval**).

The Company has issued 34,889,448 Equity Securities pursuant to the Previous Approval.

During the 12 month period preceding the date of the Meeting, being on and from 29 November 2015, the Company otherwise issued a total of 257,644,423 Shares which represents approximately 76.5% of the total diluted number of Equity Securities on issue in the Company on 29 November 2015, which was 336,748,643.

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

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

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

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

### 5.3 Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 4.

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## 6. RESOLUTIONS 5 TO 7 – RATIFICATION OF PRIOR ISSUES OF SHARES

### 6.1 General

On 2 June 2016, the Company issued a total of 83,333,333 Shares in a share placement to sophisticated and professional investors (**Placement**). The Placement raised a total of \$2,999,999,99 (before costs).

The Placement Shares were issued under ASX Listing Rule 7.1 and ASX Listing Rule 7.1A as follows:

- (a) 62,351,968 Shares were issued under ASX Listing Rule 7.1; and
- (b) 20,981,388 Shares were issued under ASX Listing Rule 7.1A.

The Placement Shares are the subject of Resolution 5.

On 15 June 2016, the Company also issued a total of 8,908,060 Shares to Jason Warren in consideration for the Company's acquisition of My Cash ATM (**Consideration Shares**). The Consideration Shares were issued under ASX Listing Rule 7.1A and are the subject of Resolution 6.

On 7 July 2016, the Company additionally issued a total of 5,000,000 Shares in a placement to sophisticated and professional investors (**Second Placement**). The Second Placement raised a total of \$180,000. The Second Placement Shares were issued under ASX Listing Rule 7.1A and are the subject of Resolution 7.

### 6.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 restricts the number of equity securities that a listed entity may issue in any 12 month period, without the approval of shareholders, to 15% of the number of ordinary securities on issue at the start of the period, subject to certain adjustments and permitted exceptions. The entity does not need to include within the 15% limit any ordinary securities issued in the 12 month period that were issued with the approval of shareholders for the purposes of Listing Rule 7.1.

Under ASX Listing Rule 7.4 an issue of securities without approval under ASX Listing Rule 7.1 will be treated as having been made with shareholder approval for the purposes of ASX Listing Rule 7.1 if the original issue did not breach the 15% limit under ASX Listing Rule 7.1 and shareholders subsequently approve the issue.

By ratifying the issue of Shares, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

### 6.3 ASX Listing Rule 7.1A

ASX Listing Rule 7.1A permits eligible entities, which have obtained shareholder approval by special resolution at the Company's Annual General Meeting, to issue equity securities up to an additional 10% of its issued capital by placements over a 12 month period after the Annual General Meeting (**10% Placement Capacity**).

Approval for the 10% Placement Capacity may only be obtained at the Company's Annual General Meeting. The Company previously received Shareholder approval for the 10% Placement Capacity at the Annual General Meeting held on 30 November 2015.

Under ASX Listing Rule 7.4 an issue of securities without approval under ASX Listing Rule 7.1A will be treated as having been made with shareholder approval for the purposes of ASX Listing Rule 7.1A if the original issue did not breach ASX Listing Rule 7.1A. The Company confirms the issue of Shares the subject of Resolutions 5 to 7 did not breach ASX Listing Rule 7.1A.

The issue of securities made relying on ASX Listing Rule 7.1A can, after it has been made, be ratified under ASX Listing Rule 7.4. This has the effect of refreshing the Company's placement capacity under ASX Listing Rule 7.1 and 7.1A to the extent the previous issues are ratified.

By ratifying the issues the subject of Resolutions 5 to 7, the base figure (that is variable "A") in which the Company's 15% and 10% annual placement capacities are calculated will be a higher number which in turn will allow a proportionately higher number of securities to be issued without the requirement to obtain prior shareholder approval.

Resolutions 5 to 7 are ordinary resolutions.

#### **6.4 Technical information required by ASX Listing Rule 7.5**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the ratification of:

- (a) The issue of Placement Shares the subject of Resolution 5:
  - (i) the number of Placement Shares issued was 83,333,333;
  - (ii) the issue price of the Shares was \$0.036 per Share, raising a total of \$2,999,999.99;
  - (iii) the Shares issued were fully paid ordinary shares in the capital of the Company which rank equally with all other Shares on issue;
  - (iv) the persons who were issued the Shares were existing and new sophisticated investors;
  - (v) the funds raised by the Company were used for the Cash My ATM acquisition;
- (b) the issue of Consideration Shares the subject of Resolution 6:
  - (i) the number of Consideration Shares issued was 8,908,060;
  - (ii) the Shares were issued as part consideration for the acquisition of Cash My ATM business at a deemed issue price of \$0.05 per Share;
  - (iii) the Shares issued were fully paid ordinary shares in the capital of the Company which rank equally with all other Shares on issue;
  - (iv) the Shares were issued to Mr Jason Warren;
  - (v) no funds were raised by the Company as a result of the issue of the Shares as the Shares were issued in consideration for the acquisition of the Cash My ATM business;
- (c) the issue of the Second Placement Shares the subject of Resolution 7:



- (i) the number of Second Placement Shares issued was 5,000,000;
- (ii) the issue price of the Shares was \$0.036 per Share, raising a total of \$180,000;
- (iii) the Shares issued were fully paid ordinary shares in the capital of the Company which rank equally with all other Shares on issue;
- (iv) the persons who were issued the Shares were existing sophisticated investors;
- (v) the funds raised by the Company were used for working capital.

## **6.5 Directors' recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolutions 5 to 7.

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## **7. RESOLUTION 8 – ISSUE OF PERFORMANCE SHARES**

By resolution 8, the Company seeks Shareholders' approval for the issue of 1,125,000 Performance Shares to Jason Warren.

The issue of Performance Shares to Jason Warren need only be approved for the purposes of ASX Listing Rule 7.1.

Jason Warren is currently employed by the Company as National Business Development Manager for the Company. The Company considers that Mr Warren's work for the Company is contributing significantly to the operational and revenue growth of Stargroup. Accordingly, the Company wishes to issue the Performance Shares to Mr Warren to provide him with additional incentive in performing his business development role for the Company's achievement of operational and revenue milestones.

There are currently three classes of Performance Shares on issue, each comprising 2,500,000 Performance Shares of that class. 3,000,000 Performance Shares are subject to cancellation pursuant to Resolution 11. It is proposed that the Company will issue 1,125,000 Performance Shares to Jason Warren as set out below. The terms of each class of Performance Share to be issued to Jason Warren are set out in Schedule 2 of the Explanatory Statement. Application is being made to the ASX to confirm that the Performance Shares are appropriate and equitable for the purposes of ASX Listing Rule 6.1. If the ASX does not find that the Performance Shares are appropriate and equitable, the resolution will be withdrawn.

The three classes of Performance Shares to be issued to Jason Warren, and the referable performance targets, are as follows:

- (a) 375,000 2017 Performance Shares, convertible into 375,000 Shares upon deployment by or through the Company of a total of 500 ATMs in Australia or overseas and the achievement of \$5,000,000 annualised revenue (measured over a rolling three months term) by the Company by 30 June 2017;
- (b) 375,000 2018 Performance Shares, convertible into 375,000 Shares upon deployment by or through the Group of a total of 750 ATMs in Australia or overseas and the achievement of \$10,000,000 annualised EBITDA

(measured over a rolling three months term) by the Company by 30 June 2018; and

- (c) 375,000 2019 Performance Shares, convertible into 375,000 Shares upon deployment by or through the Group of a total of 1,000 ATMs in Australia or overseas and the achievement of \$15,000,000 annualised EBITDA (measured over a rolling three months term) by the Company by 30 June 2019.

## **7.1 ASX Listing Rule 7.1**

A summary of ASX Listing Rule 7.1 is set out in Section 6.2.

The effect of Resolution 8 will be to allow the Company to issue the Performance Shares during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

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

For the purposes of ASX Listing Rule 7.3, and for all other purposes, the following information is provided in relation to Resolution 8:

- (a) the maximum number of Performance Shares to be issued is 1,125,000;
- (b) the Performance Shares are to be issued to Jason Warren (or his nominee);
- (c) no consideration will be payable to acquire the Performance Shares. The Performance Shares are being issued as an incentive to Mr Warren in the performance of his role as Business Development Manager for the Company. Accordingly, no funds will be raised from the issue of the Performance Shares;
- (d) the Company intends to issue all the Performance Shares on 30 November 2016;
- (e) the Performance Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Performance Shares will occur on the same date; and
- (f) the terms of each class of Performance Share are set out in Schedule 2 of the Explanatory Statement. Application is being made to the ASX to confirm that the Performance Shares are appropriate and equitable for the purposes of ASX Listing Rule 6.1. If the ASX does not find that the Performance Shares are appropriate and equitable, the resolution will be withdrawn.

### **Recommendation**

Your Directors recommend that you VOTE IN FAVOUR of the resolution. The chair intends to vote undirected proxies in favour of resolution 8.

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## 8. RESOLUTION 9 – ISSUE OF OPTIONS

### 8.1 General

As announced on 28 September 2016, the Company has entered into a Memorandum of Understanding with Indue Limited (**Indue**) to exclusively negotiate the acquisition of Indue's ATM switching, settlement and processing services (**ATM Switch**), telecommunications services (**ATM Telco**) and the resale of ATMs (**ATM Sales**) (**MOU**).

Indue provides the ATM Switch, ATM Telco and ATM Sales services to its clients by entering into a legal contract with its clients (**Client Contracts**).

The proposed acquisition will include the Company and Indue executing a binding asset sale agreement for all of the rights, title and interests of the business in the Client Contracts.

Stargroup has agreed to pay \$6.5 million with the consideration being paid in cash, on completion.

The MOU provides that both parties will negotiate the sale transaction on an exclusive basis until 30 October 2016.

The transaction will not become binding on either party until:

- The Company completes due diligence in relation to the purchase of the assets forming part of the transaction to the absolute satisfaction of the Company;
- The Company and Indue execute a binding asset sale agreement on terms agreeable to both parties, subject to the entering into an agreement for the provision of ongoing services by Indue to the Company;
- The Company and Indue enter into an agreement which documents the provision of the ongoing services that Indue will provide to the Company on completion of the transaction;
- The Company obtaining all necessary approvals from the Australian Securities Exchange and its shareholders for the proposed transaction, if needed; and
- the third party provider obtaining all necessary approvals, including shareholder approval for the transaction.

The acquisition will be fully funded by way of debt.

The Company is well advanced in terms of the negotiations for the funding of the acquisition and it is intended to fund this acquisition by way of a loan agreement(s) with free attaching option(s) on a 1 for every \$1 lent, with an exercise price of \$0.10 per option to acquire one Share, with a 3 year exercise period (**Consideration Options**).

The Company is further seeking debt funding for an additional amount up to a maximum of \$13,500,000 for working capital and for the funding of further EPS accretive mergers and acquisitions. It is intended to secure this additional funding by way of a loan agreement(s) with free attaching Consideration Options on the basis described in the following paragraph.

It is intended that the debt funding will be on the following terms:

- (a) the debt funding will be unsecured;
- (b) an interest rate of 8% per annum will be payable by the Company;
- (c) the debt funding is repayable in full on the date that is 2 years from the date of funding being provided;
- (d) the Company will grant 1 Consideration Option for every \$1 of debt funding, to the lender.

Resolution 9 is seeking shareholder approval for the issue of up to 15,000,000 Options in order to secure debt funding for the acquisition from Indue and for additional working capital and to fund further EPS accretive acquisitions.

## **8.2 ASX Listing Rule 7.1**

A summary of ASX Listing Rule 7.1 is set out in Section 6.2.

The effect of Resolution 9 will be to allow the Company to issue the Consideration Options during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

## **8.3 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 9:

- (a) the maximum number of Consideration Options to be issued is 15,000,000 Consideration Options;
- (b) the Consideration Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Consideration Options will occur on the same date;
- (c) the Consideration Options will be issued to the providers of debt funding to the Company (or their nominee/s), none of whom will be related parties of the Company;
- (d) the Consideration Options will be issued for nil cash in consideration for the provision of the loan funding to the Company;
- (e) the Consideration Options will be issued on the terms and conditions set out in Schedule 3;
- (f) no funds will be raised from the issue as the Consideration Options as they are being issued in consideration for the provision of the debt funding.

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## **9. RESOLUTION 10 – ISSUE OF BROKER OPTIONS**

### **9.1 General**

The purpose of Resolution 11 is to seek approval for the Company to grant up to an additional 5,000,000 options to various brokers (**Broker Options**) who have provided assistance to the Company in securing the debt funding described in Section 8.1 of the Explanatory Statement.

## 9.2 ASX Listing Rule 7.1

A summary of ASX Listing Rule 7.1 is set out in Section 6.2.

The effect of Resolution 10 will be to allow the Company to issue the Broker Options during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

## 9.3 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 10:

- (a) the maximum number of Consideration Options to be issued is 5,000,000 Broker Options;
- (b) the Broker Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Broker Options will occur on the same date;
- (c) the Broker Options will be issued in part consideration to brokers who have assisted the Company in securing debt funding for the Company;
- (d) the Broker Options will be issued for nil cash in consideration for the provision of brokerage services in securing the loan funding for the Company;
- (e) the Broker Options will be issued on the terms and conditions set out in Schedule 3;
- (f) no funds will be raised from the issue as the Broker Options as they are being issued in consideration for brokerage services.

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## 10. RESOLUTION 11 – CANCELLATION OF PERFORMANCE SHARES

### 10.1 Background

The purpose of Resolution 11 of the Meeting and Resolution 1 of the Special General Meeting (together, the **Resolutions**) is to cancel, pursuant to section 256C of the Corporations Act, 3,000,000 Performance Shares held by Messrs Shaun Sutton and Zaffer Soemya as follows:

- (a) Mr Sutton currently holds 1,875,000 Performance Shares comprising 625,000 of each of 2017 Performance Shares, 2018 Performance Shares and 2019 Performance Shares; and
- (b) Mr Zaffer Soemya currently holds 1,125,000 Performance Shares comprising 375,000 of each of 2017 Performance Shares, 2018 Performance Shares and 2019 Performance Shares,

#### **(Cancelled Performance Shares).**

The Company currently has on issue 7,500,000 Performance Shares which were issued in 2015 following the acquisition of Stargroup Investments Limited by the Company. The Performance Shares were issued to various parties in order to incentivise the achievement by the Company of various ATM placement targets and achievement of financial targets. The Performance Shares carry the right to

be converted into Shares upon reaching the various prescribed performance milestones.

The Cancelled Performance Shares do not carry any voting rights at general meeting or dividend entitlements, are non-transferable and are not quoted on any securities exchange.

The terms of the Cancelled Performance Shares are set out in Schedule 2.

## 10.2 Proposed cancellation of Cancelled Performance Shares

Messrs Shaun Sutton and Zaffer Soemya have both resigned from the Board (on 25 August 2016 and 29 February 2016, respectively) and are no longer involved with the business activities of the Company. Accordingly, neither Mr Sutton, or Mr Soemya will contribute to the Company's achievement of the performance milestones going forward. For this reason, the Company does not consider it appropriate for Messrs Sutton and Soemya to continue to hold the Cancelled Performance Shares, which have as their sole purpose the purpose of incentivising achievement of those performance milestones. Accordingly, the Company proposes to cancel and extinguish the Cancelled Performance Shares (**Proposal**).

## 10.3 Effect of Proposal

If the Proposal is implemented then the Company's capital structure will be:

<b>Class of Securities Issue</b>	<b>As at the date of this Notice</b>	<b>After cancellation of the Cancelled Performance Shares*</b>	<b>After cancellation of the Cancelled Performance Shares AND the issue of Performance Shares pursuant to Resolution 8 and the issue of Options pursuant to Resolution 9</b>
Shares	594,393,066	594,393,066	594,393,066
Options	48,106,934	48,106,934	68,106,934
Performance Shares	7,500,000	4,500,000	5,625,000

\*Assumes that the Cancelled Performance Shares are cancelled before the issue of Performance Shares and Options occurs pursuant to Resolutions 8 and 9 respectively and that no Options are exercised and no Performance Shares are converted to Shares.

The Proposal will not have any effect on the number of Shares on issue.

As the Performance Shares are proposed to be cancelled for nil consideration, the Proposal will not have any financial impact on the control of the Company. The Directors do not believe there are any disadvantages associated with the Proposal.

## 10.4 Corporations Act requirements

The cancellation of the Cancelled Performance Shares amounts to a share reduction pursuant to the Corporations Act. The Corporations Act provides that the rules relating to share reductions are designed to protect the interests of shareholders and creditors by:

- Addressing the risk of the transaction leading to the company's insolvency;
- Seeking to ensure fairness between the shareholders of the company; and
- Requiring the company to disclose all material information.

Section 256B(1) of the Corporations Act provides that a company may reduce its share capital (in the manner contemplated by the Proposal) if the reduction:

- (a) Is fair and reasonable to the company's shareholders as a whole;
- (b) Does not materially prejudice the company's ability to pay its creditors (but this requirement does not apply if the reduction is a cancellation of a share for no consideration); and
- (c) Is approved by shareholders under section 256C of the Corporations Act.

In relation to paragraph (a), the Board considers that the Proposal is fair and reasonable to Shareholders as a whole for the following reasons:

- The Cancelled Performance Shares have been issued to only 2 Shareholders;
- The Cancelled Performance Shares currently have nominal or nil value; and
- The Cancelled Performance Shares will be cancelled for nil consideration, resulting in no loss to the Company and no prejudice to the Company's ability to pay its creditors.

Paragraph (b) does not apply because the Cancelled Performance Shares will be cancelled for no consideration.

For the purposes of paragraph (c), the Company is seeking the following Shareholder approvals as required under section 256C(2):

- (a) A special resolution (ie approved by at least 75% of votes cast) passed at a general meeting of the Company, with no votes being cast in favour of the resolution by any person who is to receive consideration as part of the reduction or by their associates (as no consideration will be provided under the Proposal there are no voting exclusions here, however, in any event the Cancelled Performance Shares do not carry any voting rights at any general meeting of the Company) (Resolution 11 of the Meeting); and
- (b) A special resolution (ie approved by at least 75% of votes cast) passed at a meeting of those shareholders whose Cancelled Performance Shares are to be cancelled (Resolution 1 of the Special General Meeting).

## **10.5 Directors' recommendation**

Each of the Directors recommends that:

- (a) Shareholders vote in favour of the Proposal by voting in favour of Resolution 11 of the Meeting; and
- (b) Performance Shareholders vote in favour of the Proposal by voting in favour of Resolution 1 of the Special General Meeting.

## **10.6 Timetable**

The Corporations Act requires that the cancellation of the Cancelled Performance Shares not be made until 14 days after the Company lodges with ASIC the required notifications that the Resolutions have been passed. Assuming that the Resolutions are passed, the Company proposes to lodge copies of the Resolutions with ASIC on the date of the Annual General Meeting as well as notify ASX that the Resolutions have been passed, and then to implement the Proposal shortly after the expiration of the 14 day waiting period.

## **10.7 Other information**

There is no information material to the making of a decision by a Shareholder whether or not to approve the Resolutions being information that is known to any other Directors and which has not been previously disclosed to Shareholders, other than as disclosed in this Explanatory Statement.



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## GLOSSARY

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**\$** means Australian dollars.

**10% Placement Capacity** has the meaning given in Section 5.1.

**Annual General Meeting** or **Meeting** means the annual general meeting of Shareholders convened by the Notice.

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

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

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

**Board** means the current board of directors of the Company.

**Broker Options** means those options issued pursuant to Resolution 10 of this Notice of Meeting.

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

**Chair** means the chair of the Meeting.

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

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

**Company** means Stargroup Limited (ACN 061 041 281).

**Consideration Option** means those options issued pursuant to Resolution 9 of this Notice of Meeting.

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

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

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

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

- (a) is not included in the S&P/ASX 300 Index; and

(b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

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

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

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

**Notice** or **Notice of Meeting** means this notice of Annual General Meeting and of the Special General Meeting (as the context requires), including the Explanatory Statement and the Proxy Form(s).

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

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

**Performance Shares** means the performance shares the subject of Resolutions 8 and 11 and having the terms and conditions set out in Schedule 2.

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

**Remuneration Report** means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2016.

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

**Section** means a section of the Explanatory Statement.

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

**Shareholder** means a registered holder of a Share.

**Special General Meeting** means the special meeting of holders of Performance Shares convened by the Notice.

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

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

**SCHEDULE 1 – ISSUES OF EQUITY SECURITIES SINCE 30 NOVEMBER 2015**

Date	Quantity	Class	Recipients	Issue price and discount to market price (if applicable)	Form of consideration
Issue – 30 November 2015  Appendix 3B – 30 November 2015	78,931,125	Shares <sup>1</sup>	Cash Plus Australian Pty Ltd	\$0.04 (premium of 14%)	Cash  Amount raised = \$3,157,245  Amount spent = \$3,157,245  Use of funds: Acquisition of Cash Plus.
Issue – 30 November 2015	96,213,898	Shares <sup>1</sup>	Eligible shareholders accepting entitlements pursuant to a rights issue dated 28 October 2015	\$0.035  (At market and equalled the 10 day VWAP prior to the date of issue)	Cash  Amount raised = \$3,367,486  Amount spent = \$3,157,245  Use of funds: Acquisition of Cash Plus.
Issue = 30 November 2015	48,106,956	Options	Eligible shareholders accepting entitlements pursuant to the rights issue received options on a 2 for 5 basis with a strike price of \$0.05 expiring on 30 November 2015	Nil issue price as the Options were issued on a 2 for 5 basis pursuant to a rights issue.	Cash  Amount raised = \$nil
Issue –2 June 2016  Appendix 3B – 3 June 2016	23	Shares <sup>1</sup>	Conversion of 2018 Options issued on 24 November 2015.	\$0.05	Cash  Amount raised = \$1.15
Issue –2 June 2016  Appendix 3B – 3 June 2016	83,333,356	Shares <sup>1</sup>	Private Placement to Sophisticated Investors.	\$0.036 (discount of 11% to the 1 month VWAP share price prior to the date of issue)	Cash  Amount raised = \$3,000,000  Amount spent = \$3,000,000  Use of funds: Part payment of acquisition of CashMyATM.
Issue –15 June 2016	78,971,882	Shares <sup>12</sup>	Rights Issue to Eligible shareholders accepting	\$0.036 (discount of 11% to the 1 month VWAP	Cash  Amount raised = \$2,842,988

Date	Quantity	Class	Recipients	Issue price and discount to market price (if applicable)	Form of consideration
Appendix 3B – 3 June 2016			entitlements pursuant to a rights issue offer dated 14 June 2016	share price prior to the date of issue)	Amount spent = \$2,842,988 Use of funds: \$1,008,624 on balance of acquisition of CashMyATM and \$1,834,364 on working capital.
Issue –2 June 2016 Appendix 3B – 21 June 2016	8,908,060	Shares <sup>1</sup>	Private Placement to Jason Warren of CashMyATM	\$0.05 (premium of 39%)	Cash Amount raised = \$445,403  Amount spent = \$445,403 Use of funds: Agreed payment of shares in Stargroup to CashMyATM for balance of acquisition of CashMyATM Network
Issue –7 July 2016 Appendix 3B – 11 July 2016	5,000,000	Shares <sup>1</sup>	Private Placement to Sophisticated Investors	\$0.36 (discount of 11% to the 1 month VWAP share price prior to the date of issue	Cash Amount raised = \$180,000  Amount spent = \$180,000 Use of funds: General working capital
Issue – 17 August 2016 Appendix 3B – 18 August 2016	2,500,000	Shares <sup>1</sup>	Conversion of 2016 Performance Shares	\$0	Cash Amount raised = \$0

**Notes:**

1. Fully paid ordinary shares in the capital of the Company, ASX Code: STL (terms are set out in the Constitution).

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## SCHEDULE 2 – TERMS AND CONDITIONS OF 2017,2018 AND 2019 PERFORMANCE SHARES

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### 2017 PERFORMANCE SHARES

The terms and conditions of the 2017 Performance Shares are set out as follows:

#### **Rights attaching to the 2017 Performance Shares**

- (a) **(Performance Shares)** Each Performance Share is a share in the capital of Stargroup Limited (ACN 061 041 281) (**Company**).
- (b) **(General Meetings)** The 2017 Performance Shares shall confer on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. Holders have the right to attend general meetings of shareholders of the Company.
- (c) **(No voting rights)** The 2017 Performance Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company, subject to any voting rights under the *Corporations Act 2001* or the ASX Listing Rules where such rights cannot be excluded by these terms.
- (d) **(No dividend rights)** The 2017 Performance Shares do not entitle the Holder to any dividends.
- (e) **(Rights on winding up)** Upon winding up of the Company, the 2017 Performance Shares may not participate in the surplus profits or assets of the Company, unless and only to the extent that each 2017 Performance Share has converted into a Share.
- (f) **(Transfer)** The 2017 Performance Shares are not transferable.
- (g) **(Reorganisation of capital)** In the event that the Company is admitted to the official list of the ASX and the issued capital of the Company is subsequently reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the ASX Listing Rules at the time of reorganisation.
- (h) **(Application to ASX)** The 2017 Performance Shares will not be quoted on ASX. In the event that the Company is admitted to the official list of the ASX, upon conversion of the 2017 Performance Shares into Shares in accordance with these terms, the Company must within seven days after the conversion, apply for the official quotation on ASX of the Shares arising from the conversion.
- (i) **(Participation in entitlements and bonus issues)** Holders of 2017 Performance Shares will not be entitled to participate in new issues of capital offered to holders of the Shares such as bonus issues and entitlement issues.
- (j) **(Amendments required by ASX):** The terms of the 2017 Performance Shares may be amended as necessary by the directors of the Company in order to comply with the ASX Listing Rules, or any directions of ASX regarding the terms.
- (k) **(No other rights)** The 2017 Performance Shares give the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

## **Conversion of the 2017 Performance Shares**

- (l) **(Conversion of 2017 Performance Shares if milestone achieved)** Each 2017 Performance Share will convert into one Share upon deployment by or through the Group of a total of 500 ATMs in Australia or overseas and \$5.0 million Annualised Revenue achieved by the Company by 30 June 2017.
- (m) **(Conversion of 2017 Performance Shares if milestone not achieved)** If the milestone set out in paragraph (a) above is not satisfied within the stipulated timeframe, all of the 2017 Performance Shares held by each Holder will automatically convert into one Share (in total).
- (n) **(After Conversion)** The Shares issued on conversion of the 2017 Performance Shares will, as and from 5.00pm (WST) on the date of allotment, rank equally with and confer rights identical with all other Shares then on issue and application will be made by the Company to ASX for official quotation of the Shares issued upon conversion.
- (o) **(Conversion Procedure)** The Company will issue the Holder with a new holding statement for the Shares as soon as practicable following the conversion of the 2017 Performance Shares into the Shares.
- (p) **(Ranking of Shares)** The Shares, into which the 2017 Performance Shares will convert, will rank *pari passu* in all respects with the Shares on issue at the date of conversion.

## **Definitions**

**Annualised Revenue** means, at any time, the gross revenue of the Group including GST on a consolidated basis for the three completed calendar months prior to that date, multiplied by four; to give a 12 month or annualised figure;

**ATM** means automated teller machine;

**Group** means the Company and its wholly-owned subsidiaries; and

**GST** means goods and services tax levied under the *A New Tax System (Goods and Services Tax) Act 1999*.

## 2018 PERFORMANCE SHARES

The terms and conditions of the 2018 Performance Shares are set out as follows:

### **Rights attaching to the 2018 Performance Shares**

- (a) **(Performance Shares)** Each 2018 Performance Share is a share in the capital of Stargroup Limited (ACN 061 041 281) (**Company**).
- (b) **(General Meetings)** The 2018 Performance Shares shall confer on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. Holders have the right to attend general meetings of shareholders of the Company.
- (c) **(No voting rights)** The 2018 Performance Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company, subject to any voting rights under the *Corporations Act 2001* or the ASX Listing Rules where such rights cannot be excluded by these terms.
- (d) **(No dividend rights)** The 2018 Performance Shares do not entitle the Holder to any dividends.
- (e) **(Rights on winding up)** Upon winding up of the Company, the 2018 Performance Shares may not participate in the surplus profits or assets of the Company, unless and only to the extent that each 2018 Performance Share has converted into a Share.
- (f) **(Transfer)** The 2018 Performance Shares are not transferable.
- (g) **(Reorganisation of capital)** In the event that the Company is admitted to the official list of the ASX and the issued capital of the Company is subsequently reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the ASX Listing Rules at the time of reorganisation.
- (h) **(Application to ASX)** The 2018 Performance Shares will not be quoted on ASX. In the event that the Company is admitted to the official list of the ASX, upon conversion of the 2018 Performance Shares into Shares in accordance with these terms, the Company must within seven days after the conversion, apply for the official quotation on ASX of the Shares arising from the conversion.
- (i) **(Participation in entitlements and bonus issues)** Holders of 2018 Performance Shares will not be entitled to participate in new issues of capital offered to holders of the Shares such as bonus issues and entitlement issues.
- (j) **(Amendments required by ASX):** The terms of the 2018 Performance Shares may be amended as necessary by the directors of the Company in order to comply with the ASX Listing Rules, or any directions of ASX regarding the terms.
- (k) **(No other rights)** The 2018 Performance Shares give the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

### **Conversion of the 2018 Performance Shares**

- (l) **(Conversion of 2018 Performance Shares if milestone achieved)** Each 2018 Performance Share will convert into one Share upon deployment by or through

the Group of a total of 750 ATMs in Australia or overseas and \$10 million Annualised EBITDA achieved by the Company by 30 June 2018.

- (m) **(Conversion of 2017 Performance Shares if milestone not achieved)** If the milestone set out in paragraph (a) above is not satisfied within the stipulated timeframe, all of the 2018 Performance Shares held by each Holder will automatically convert into one Share (in total).
- (n) **(After Conversion)** The Shares issued on conversion of the 2018 Performance Shares will, as and from 5.00pm (WST) on the date of allotment, rank equally with and confer rights identical with all other Shares then on issue and application will be made by the Company to ASX for official quotation of the Shares issued upon conversion.
- (o) **(Conversion Procedure)** The Company will issue the Holder with a new holding statement for the Shares as soon as practicable following the conversion of the 2018 Performance Shares into the Shares.
- (p) **(Ranking of Shares)** The Shares, into which the 2018 Performance Shares will convert, will rank *pari passu* in all respects with the Shares on issue at the date of conversion.

## Definitions

**Annualised EBITDA** means, at any time, the earnings before interest, tax, depreciation and amortisation of the Group including GST on a consolidated basis for the three completed calendar months prior to that date, multiplied by four; to give a 12 month or annualised figure;

**ATM** means automated teller machine;

**Group** means the Company and its wholly-owned subsidiaries; and

**GST** means goods and services tax levied under the *A New Tax System (Goods and Services Tax) Act 1999*.



## 2019 PERFORMANCE SHARES

The terms and conditions of the 2019 Performance Shares are set out as follows:

### **Rights attaching to the 2019 Performance Shares**

- (a) **(Performance Shares)** Each 2019 Performance Share is a share in the capital of Stargroup Limited (ACN 061 041 281) (**Company**).
- (b) **(General Meetings)** The 2019 Performance Shares shall confer on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. Holders have the right to attend general meetings of shareholders of the Company.
- (c) **(No voting rights)** The 2019 Performance Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company, subject to any voting rights under the *Corporations Act 2001* or the ASX Listing Rules where such rights cannot be excluded by these terms.
- (d) **(No dividend rights)** The 2019 Performance Shares do not entitle the Holder to any dividends.
- (e) **(Rights on winding up)** Upon winding up of the Company, the 2019 Performance Shares may not participate in the surplus profits or assets of the Company, unless and only to the extent that each 2019 Performance Share has converted into a Share.
- (f) **(Transfer)** The 2019 Performance Shares are not transferable.
- (g) **(Reorganisation of capital)** In the event that the Company is admitted to the official list of the ASX and the issued capital of the Company is subsequently reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the ASX Listing Rules at the time of reorganisation.
- (h) **(Application to ASX)** The 2019 Performance Shares will not be quoted on ASX. In the event that the Company is admitted to the official list of the ASX, upon conversion of the 2019 Performance Shares into Shares in accordance with these terms, the Company must within seven days after the conversion, apply for the official quotation on ASX of the Shares arising from the conversion.
- (i) **(Participation in entitlements and bonus issues)** Holders of 2019 Performance Shares will not be entitled to participate in new issues of capital offered to holders of the Shares such as bonus issues and entitlement issues.
- (j) **(Amendments required by ASX):** The terms of the 2019 Performance Shares may be amended as necessary by the directors of the Company in order to comply with the ASX Listing Rules, or any directions of ASX regarding the terms.
- (k) **(No other rights)** The 2019 Performance Shares give the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

### **Conversion of the 2019 Performance Shares**

- (l) **(Conversion of 2019 Performance Shares if milestone achieved)** Each 2019 Performance Share will convert into one Share upon deployment by or through

the Group of a total of 1,000 ATMs in Australia or overseas and \$15 million Annualised EBITDA achieved by the Company by 30 June 2019.

- (m) **(Conversion of 2019 Performance Shares if milestone not achieved)** If the milestone set out in paragraph (a) above is not satisfied within the stipulated timeframe, all of the 2019 Performance Shares held by each Holder will automatically convert into one Share (in total).
- (n) **(After Conversion)** The Shares issued on conversion of the 2019 Performance Shares will, as and from 5.00pm (WST) on the date of allotment, rank equally with and confer rights identical with all other Shares then on issue and application will be made by the Company to ASX for official quotation of the Shares issued upon conversion.
- (o) **(Conversion Procedure)** The Company will issue the Holder with a new holding statement for the Shares as soon as practicable following the conversion of the 2019 Performance Shares into the Shares.
- (p) **(Ranking of Shares)** The Shares, into which the 2019 Performance Shares will convert, will rank *pari passu* in all respects with the Shares on issue at the date of conversion.

## Definitions

**Annualised EBITDA** means, at any time, the earnings before interest, tax, depreciation and amortisation of the Group including GST on a consolidated basis for the three completed calendar months prior to that date, multiplied by four, to give a 12 month or annualised figure;

**ATM** means automated teller machine;

**Group** means the Company and its wholly-owned subsidiaries; and

**GST** means goods and services tax levied under the *A New Tax System (Goods and Services Tax) Act 1999*.

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### SCHEDULE 3 – TERMS AND CONDITIONS OF CONSIDERATION OPTIONS

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(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Option will be \$0.10 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 25 November 2019 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

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

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being

ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

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

(i) **Quotation of Shares issued on exercise**

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

(j) **Reconstruction of capital**

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

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) **Unquoted**

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

(n) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

## PROXY FORM

**STARGROUP LIMITED**  
**ACN 061 041 281**

### ANNUAL GENERAL MEETING

I/We

of:

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

Name:

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

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at the Hyatt Regency, on 29 November 2016 at 10am, and at any adjournment thereof.

**AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS**

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1 to 11 (except where I/we have indicated a different voting intention below) even though Resolution 2 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

**CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES**

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

Voting on business of the Meeting		FOR	AGAINST	ABSTAIN
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of director – Mr Jong Ho (Jay) Kim	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Election of director – Mr Evan McGregor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Ratification of Placement Shares under ASX Listing Rule 7.1 & 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Ratification of Prior Issue of Shares under ASX Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Ratification of Prior Issue of Shares under Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Issue of Performance Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Issue of Consideration Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Issue of Broker Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	Cancellation of Performance Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

**Signature of Shareholder(s):**

**Individual or Shareholder 1**

Sole Director/Company Secretary

**Shareholder 2**

Director

**Shareholder 3**

Director/Company Secretary

**Date:** \_\_\_\_\_

**Contact name:** \_\_\_\_\_

**Contact ph (daytime):** \_\_\_\_\_

**E-mail address:** \_\_\_\_\_

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

## Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
  - **(Individual):** Where the holding is in one name, the Shareholder must sign.
  - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
  - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) post to Unit 1, 25 Montgomery Way, Malaga, Western Australia, 6090; or
  - (b) facsimile to the Company on facsimile number +61 1300 137 341; or
  - (c) email to the Company at [todd@starpaymentsystems.com.au](mailto:todd@starpaymentsystems.com.au).

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

**Proxy Forms received later than this time will be invalid.**

**PROXY FORM**

**STARGROUP LIMITED  
ACN 061 041 281**

**SPECIAL GENERAL MEETING**

I/We

of:

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

Name:

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

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Special General Meeting to be held at 11am, on 29 November 2016 at the Plaza Ballroom 3, Hyatt Regency, 99 Adelaide Terrace Perth, and at any adjournment thereof.

**AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS**

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below)

**CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES**

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

**Voting on business of the Meeting**

Resolution 1 Cancellation of Performance Shares

**FOR                      AGAINST                      ABSTAIN**

                                          

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

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

**Signature of Performance Shareholder(s):**

**Individual or Performance Shareholder 1**

Sole Director/Company Secretary

**Performance Shareholder 2**

Director

**Performance Shareholder 3**

Director/Company Secretary

**Date:** \_\_\_\_\_

**Contact name:** \_\_\_\_\_

**Contact ph (daytime):** \_\_\_\_\_

**E-mail address:** \_\_\_\_\_

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

## Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Performance Shareholder entitled to attend and cast a vote at the Special General Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Special General Meeting. If a Performance Shareholder is entitled to cast 2 or more votes at the Special General Meeting, the Performance Shareholder may appoint a second proxy to attend and vote on their behalf at the Special General Meeting. However, where both proxies attend the Special General Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Performance Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Performance Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Performance Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Performance Shareholder.
2. **(Direction to vote):** A Performance Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Performance Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
  - **(Individual):** Where the holding is in one name, the Performance Shareholder must sign.
  - **(Joint holding):** Where the holding is in more than one name, all of the Performance Shareholders should sign.
  - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Special General Meeting, the documentation evidencing such appointment should be produced prior to admission to the Special General Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Performance Shareholders from attending the Special General Meeting in person if they wish. Where a Performance Shareholder completes and lodges a valid Proxy Form and attends the Special General Meeting in person, then the proxy's authority to speak and vote for that Performance Shareholder is suspended while the Performance Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (d) post to Unit 1, 25 Montgomery Way, Malaga, Western Australia, 6090; or
  - (e) facsimile to the Company on facsimile number +61 1300 137 341; or
  - (f) email to the Company at [todd@starpaymentsystems.com.au](mailto:todd@starpaymentsystems.com.au).

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

**Proxy Forms received later than this time will be invalid.**