

Notice of 2016 Annual General Meeting

Notice is hereby given that the 2016 Annual General Meeting of members of Uscom Limited will be held at 10:30am AEDT on Wednesday 30 November 2016 at Suite 1, Level 7, 10 Loftus Street, Sydney, NSW.

Business

Financial Statements and Reports

To receive and consider the Financial Report of the Company together with the reports of the Directors and the Auditor for the financial year ended 30 June 2016.

Resolution 1: Adoption of Remuneration Report for the Year Ended 30 June 2016

To consider and, if thought fit, pass the following advisory resolution of the Company:

That the Remuneration Report for the year ended 30 June 2016 (as set out in the Directors' Report) be adopted.

Resolution 2: Re-election of Director – Ms Sheena Jack

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

That Ms Sheena Jack retires by rotation in accordance with Rule 6.4 of the Company's Constitution and, being eligible for re-election, be re-elected as a Director of the Company.

Resolution 3: Re-election of Director – Mr David He

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

That Mr David He having been appointed a director since the last Annual General Meeting, retires in accordance with the provisions of the Company's Constitution and offers himself for re-election, be re-elected as a Director.'

Resolution 4: Ratification of Private Placement of Shares on 14 June 2016

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

That, for the purposes of ASX Listing Rule 7.4, and for all other purposes, the issue of 11,594,625 shares at an issue price of \$0.20 per share on 14 June 2016 to the persons identified, and on the terms described in the Explanatory Statement which forms part of this Notice of Meeting, be approved.

Resolution 5: Additional Share Issue Capacity under Listing Rule 7.1A

To consider and, if thought fit, pass the following resolution as a special resolution of the Company:

That, pursuant to and in accordance with ASX Listing Rule 7.1A and for all other purposes, shareholders approve the issue of ordinary shares up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions described in the Explanatory Statement, which forms part of this Notice of Meeting.

Resolution 6: Change of Vesting Date of Indeterminate Rights previously issued under the Uscom Limited Equity Incentive Plan and Issue of Shares in Uscom Limited

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

That for the purposes of ASX Listing Rule 6.23.3 and for all other purposes, the Vesting Dates of 5,409,092 Indeterminate Rights issued to the Executive Chairman, Assoc.Prof. Rob Phillips, in November 2014 be amended on the terms described in the Explanatory Statement which forms part of this Notice of Meeting.

By order of the Board

A handwritten signature in black ink, appearing to be 'Brett Crowley', written in a cursive style.

**Brett Crowley
Company Secretary
Sydney 27 October 2016**

Explanatory Statement

This Explanatory Statement has been prepared to assist Shareholders of Uscom Limited (**Uscom** or **the Company**) to understand the business to be put to Shareholders at the Annual General Meeting (**Meeting** or **AGM**) of the Company to be held at 10:30am (AEDT) on Wednesday 30 November 2016.

All of the resolutions to be voted on, with the exception of Resolutions 1 and 5, are ordinary resolutions. Ordinary resolutions require a simple majority of votes cast by Shareholders present and entitled to vote on the resolution. Resolution 1, which relates to approval of the 2016 Remuneration Report, is an advisory resolution, further details of which are included below. Resolution 6 is a special resolution, which to be passed requires 75% of votes cast by Shareholders present and entitled to vote in favour of the resolution.

Financial Statements and Reports

The Annual Report and the associated reports of the Directors and the Auditor for the financial year ended 30 June 2016 will be presented for consideration.

The 2016 Annual Report is available on the Company website <http://www.uscom.com.au>. Shareholders should note that the Financial Statements and Reports will be received in the form presented. It is not the purpose, and there is no requirement either in the *Corporations Act 2001* (Cth) (**the Act**) or in the Constitution of the Company for Shareholders to approve the Financial Report, the Directors' Report or the Auditor's Report at the Meeting, or that the Financial Statements and Reports be accepted, rejected or modified in any way.

Resolution 1: Remuneration Report

A resolution for adoption of the Remuneration Report is required to be considered and voted on in accordance with the Corporations Act. The Remuneration Report details the Company's policy on the remuneration of non-executive directors, executive directors and senior executives and is set out on page 18 of the 2016 Annual Report.

Resolution 1 provides Shareholders with the opportunity to vote on the Company's Remuneration Report. Under Section 250R(2) of the Act, the Company is required to put the adoption of its Remuneration Report to the vote at the Annual General Meeting and, under section 250SA of the Corporations Act, the Chairman must allow the Shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report. If 25% of the votes are cast against two consecutive annual resolutions for the purposes of section 250R(2), the Act requires a shareholder vote on whether to convene a special meeting at which all directors (other than the managing director) who were in office when the second section 250R(2) resolution was voted on, must stand for re-election.

The Remuneration Report:

- (a) explains the Board's policies in respect of the nature and level of remuneration paid to directors and senior management of the Company;
- (b) discusses the link between the Board's policies and the Company's performance;
- (c) explains why the performance conditions were chosen and how performance is measured against them;
- (d) sets out the remuneration details for each director and each member of the Company's senior management team; and
- (e) makes clear that the basis for remunerating non-executive directors is distinct from the basis for remunerating executives and executive directors.

The vote on the adoption of the Remuneration Report resolution is advisory only and does not bind the Directors or the Company.

Directors' Recommendation

As a matter of best practice corporate governance, the Directors abstain from making a recommendation in relation to Resolution 1.

Voting Exclusion

In accordance with section 250R(4) of the Corporations Act, the Company will disregard any votes cast in respect of Resolution 1 by:

- A member of Key Management Personnel (“KMP”), details of whose remuneration are included in the Remuneration Report; and
- A Closely Related Party of such a member.

However, the Company will not disregard a vote cast in respect of Resolution 1 if it is cast by a person as proxy appointed in writing that directs the proxy how to vote on Resolution 1, and the vote is not cast on behalf of a member of KMP, details of whose remuneration are included in the Remuneration Report or a Closely Related Party of such a member.

If you are a member of the KMP or a Closely Related Party of a member of the KMP (or are acting on behalf of any such person) and purport to cast a vote on Resolution 1 that vote will be disregarded by the Company (as indicated above). Please read the information in the Proxy Form which deals with the Chairman’s voting of proxies on Resolution 1 to adopt the Remuneration Report.

Resolution 2: Re-election of Director – Ms Sheena Jack

In accordance with Rule 6.4 of the Company’s Constitution, Ms Jack retires by rotation and, being eligible, offers herself for re-election.

Ms Jack has been a Non-Executive Director of Uscom since November 2011 and was also the Chairman of the Company’s Audit and Risk Committee until that Committee was dissolved on 21 February 2014. Ms Jack is an executive of HCF, being the Chief Strategy Officer. Ms Jack has over 25 years’ experience as a finance professional and corporate executive. Ms Jack has had experience across a range of corporate organisations including ASX listed companies, government and not for profit in both mature and start-up businesses. Ms Jack has significant experience in mergers and acquisitions, business integration, strategy development and implementation, capital markets and organisational transformation. Ms Jack is a Chartered Accountant and a graduate member of the Australian Institute of Company Directors.

Directors’ Recommendation

The Directors, with Ms Jack abstaining, recommend that Shareholders vote in favour of Resolution 2.

Resolution 3: Re-election of Director – Mr David He

Mr He was appointed as a Director of the Company during the year. Pursuant to the Company’s Constitution, Mr He retires and, being eligible, offers himself for re-election as a Director. Mr He was born in Shanghai and educated in Sydney. For the last 9 years, Mr He was based in Shanghai and Singapore as Vice President of Business Development APAC with Johnson & Johnson. Prior to that Mr He was an Associate at McKinsey & Company in Shanghai, then Director of Business Development and External Growth APAC and VP Finance China with AB InBev based in Hong Kong and Shanghai.

Directors’ Recommendation

The Directors, with Mr He abstaining, recommend that Shareholders vote in favour of Resolution 3.

Resolution 4: Ratification of issue of shares on 14 June 2016

Under Listing Rule 7.1, a company must obtain shareholder approval if it wants to issue more than 15% of its ordinary securities. ASX Listing Rule 7.4.2 provides that shareholders may approve an issue of securities after the fact so that the securities issued are regarded as having been issued with approval for the purpose of Listing Rule 7.1.

Accordingly, Resolution 4 seeks approval for the issue of 11,594,625 fully paid ordinary shares issued within the 15% limit under Listing Rule 7.1 on 14 June 2016.

The Company is seeking approval for the purposes of ASX Listing Rule 7.4 so that the Company will have the flexibility to issue further securities under ASX Listing Rule 7.1 if the need arises in the next 12 months. For the purposes of ASX Listing Rule 7.5, the following information is provided in respect of Resolution 4:

Issue Date	14 June 2016
Number of securities	11,594,625 fully paid ordinary shares
Issue price	\$0.20 per share
Terms of issue	Shares rank equally with all existing Shares on issue
Allottees	Issued through a private placement to professional and sophisticated investors including clients of the Lead Manager Patersons Securities
Use of funds raised	The funds were used for: <ul style="list-style-type: none">• Completion of the Thor Laboratories acquisition;• Preparing and filing the updates of the registration and regulatory approvals in China, Europe and the USA; and• Launching the Uscom BP+, the Uscom BP+ Reporter, the Uscom SpiroSonic series of devices and the Uscom SpiroReporter.

Voting exclusion statement

The Company will disregard any votes cast on Resolution 4 by a person who participated in the issue and any of their associates. However, the Company need not disregard a vote cast on Resolution 4 if it is cast by: (a) a person as a proxy for a person who is entitled to vote, if the vote is cast in accordance with the directions on the proxy form; or (b) 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.

Directors' Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4.

Resolution 5: Additional Share Issue Capacity under Listing Rule 7.1A

ASX Listing Rule 7.1A enables small to mid-cap listed companies to seek shareholder approval by special resolution to issue equity securities equivalent to an additional 10% of the number of ordinary shares on issue by way of placements over a 12 month period (**10% Placement Facility**). This is in addition to the existing 15% placement capacity permitted by ASX Listing Rule 7.1.

A company is eligible to seek shareholder approval for this additional placement capacity if it satisfies both of the following criteria at the date of the AGM:

- a) it has a market capitalisation of \$300 million or less; and
- b) it is not included in the S&P/ASX 300 Index.

The Company currently satisfies both the above criteria, and it is anticipated that it will also satisfy both these criteria at the date of the Meeting. Any equity securities issued under ASX Listing Rule 7.1A must be in an existing quoted class of securities. The Company has only one quoted class of equity securities on issue, being ordinary shares.

Accordingly, Resolution 5 seeks Shareholder approval by special resolution for the issue of such number of ordinary shares as calculated under the formula in ASX Listing Rule 7.1A.2, at an issue price as permitted by ASX Listing Rule 7.1A.3, to such persons as the Board may determine, on the terms as described in this Explanatory Statement, which forms part of the Notice of Meeting.

At the date of this Notice, the Company has on issue 108,963,270 ordinary shares. If Resolutions 4 and 5 are approved the Company will have the capacity to issue:

- (i) 16,344,491 ordinary shares under ASX Listing Rule 7.1; and
- (ii) 10,896,327 ordinary shares under ASX Listing Rule 7.1A.

The actual number of ordinary shares that the Company will have capacity to issue under ASX Listing Rule 7.1A will be calculated at the date of issue of the ordinary shares in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

The effect of Resolution 5 will be to allow the Directors to issue the ordinary shares under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Information required by ASX Listing Rule 7.3A

For the purposes of ASX Listing Rule 7.3A, the following information is provided:

- The minimum price at which the ordinary shares will be issued will be no less than 75% of the volume weighted average market price for ordinary shares calculated over the 15 trading days on which trades are recorded immediately before:
 - a) the date on which the price at which the ordinary shares are to be issued is agreed; or
 - b) if the ordinary shares are not issued within five trading days of the date in paragraph (a), the date on which the ordinary shares are issued.
- If Resolution 5 is approved by Shareholders and the Company issues ordinary shares under the 10% Placement Facility, the existing Shareholders face the risk of economic and voting dilution as a result of the issue of ordinary shares which are the subject of this Resolution, to the extent that such ordinary shares are issued; including:
 - a) the market price of ordinary shares may be significantly lower on the issue date than on the date on which this approval is being sought; and
 - b) the ordinary shares may be issued at a price that is at a discount to the market price for those ordinary shares on the issue date, or the ordinary shares may be issued as part consideration for the acquisition of a new asset,which may have an effect on the amount of funds raised by the issue of the ordinary shares.
- The following table gives examples of the potential dilution of existing ordinary shareholders on the basis of the current market price of ordinary shares and the current number of ordinary shares for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of the Notice.

The table also shows:

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

No. of Shares on Issue ¹	Dilution			
	Issue price (per Share)	\$0.125 50% decrease in Issue Price	\$0.25 Issue Price	\$0.50 100% increase in Issue Price
108,963,270 (Current)	Shares issued	10,963,270	10,963,270	10,963,270
	Funds raised	\$1,362,041	\$2,724,082	\$5,448,164
163,444,905 (50% increase)	Shares issued	16,344,490	16,344,490	16,344,490
	Funds raised	\$2,043,061	\$4,086,123	\$8,172,245
217,926,540 (100% increase)	Shares issued	21,792,654	21,792,654	21,792,654
	Funds raised	\$2,724,082	\$5,448,164	\$10,896,327

The table has been prepared on the following assumptions:

- (i) Resolution 4 is approved.
 - (ii) The Company issues the maximum number of ordinary shares available under the 10% Placement Facility in Listing Rule 7.1A.
 - (iii) No options over ordinary shares are exercised before the date of issue of ordinary shares under Listing Rule 7.1A.
 - (iv) 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 Facility, based on that Shareholder's holding at the date of the Meeting.
 - (v) The table shows only the effect of issues of ordinary shares under ASX Listing Rule 7.1A, not under the 15% placement capacity available under ASX Listing Rule 7.1.
 - (vi) The Issue Price is \$0.25, being the closing price of the ordinary shares on ASX on 19 October 2016.
- If any of the ordinary shares being approved by this resolution are issued, they will be issued during the Placement Period, that is, within 12 months of the date the AGM, i.e. by 30 November 2017, and the approval being sought by this resolution will cease to be valid if Shareholders approve a transaction under ASX Listing Rules 11.1.2 or 11.2 prior to 30 November 2017.
 - The ordinary shares will be issued for the purpose of raising working capital for the Company and establishing and consolidating new sales, distribution and licensing opportunities for the Company's range of products for the benefit of all Shareholders. A proportion of the ordinary shares may be issued for non-cash consideration and in such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3. If ordinary shares are issued as non-cash consideration, it will be for the purpose of acquiring assets from a vendor.
 - The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A.4 and 3.10.5A upon issue of any ordinary shares.
 - The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of any ordinary shares that may be issued (subject to Shareholder approval of Resolution 5) have not been determined as at the date of this Notice, but may include existing Shareholders as well as new Shareholders who are not related parties or associates of the Company. Any potential allottees will be determined on a case-by-case basis having regard to factors including, but not limited to, the following:
 - the methods of raising funds that are available to the Company and balancing interest from potential allottees with the interests of existing Shareholders;
 - the effect of the issue of the ordinary shares on the control of the Company. Allocation will be subject to takeover thresholds;
 - the financial situation and solvency of the Company and its projected need for working capital at any given time; and
 - advice from corporate, financial and broking advisors (if applicable).

¹ Variable "A" in Listing Rule 7.1A.2

Previous Approval under ASX Listing Rule 7.1A

- The Company previously obtained Shareholder approval under Listing Rule 7.1A at its 2015 Annual General Meeting held on 23 November 2015.
- In the twelve months preceding the date of the proposed 2016 Annual General Meeting, the Company issued a total of 12,169,625 equity securities which represents 12.57% of the total number of equity securities on issue at the commencement of the 12 month period (being 30 November 2015).
- The details of the three issues of equity securities during the year were as follows:

Date of issue	23 March 2016	14 June 2016	18 August 2016
Number of equity securities issued	75,000	11,594,625	500,000
Class	Ordinary shares	Ordinary shares	Ordinary shares
Issued to	Employees of the Company on conversion of options.	Issued through a private placement to professional and sophisticated investors including clients of the lead manager, Patersons Securities Limited.	The Executive Chairman on conversion of options.
Issue price	5.95c per share. The issue price represented a 68.68% discount to the closing market price of 19c on the day of issue.	20c per share. The issue price represented a 32.2% discount to the closing market price of 29.5c on the day of issue.	5.95c per share. The issue price represented an 81.7% discount to the closing market price of 32.5c on the day of issue.
Cash consideration	Cash of \$4,463 was received. The whole of the amount received has been spent on administrative costs.	Cash of \$2,318,925 was received. The amount received has been partially spent on the following: <ul style="list-style-type: none"> • Completion of the Thor Laboratories acquisition; • Preparing and filing the updates of the registration and regulatory approvals in China, Europe and the USA; and • Launching the Uscom BP+, the Uscom BP+ Reporter, the Uscom SpiroSonic series of devices and the Uscom SpiroReporter. As at 19 October 2016, the Company had total cash and cash equivalents of \$1,942,958.	Cash of \$29,750 was received. The whole of the amount received has been spent on administrative costs.

A voting exclusion statement in respect of Resolution 5 is set out below. As at the date of this Notice, the Company has not approached any specific existing Shareholder or security holder or an identifiable class of existing security holder to participate in an issue of shares. Therefore, no existing Shareholders' votes will be excluded from voting on Resolution 5.

Resolution 5 is a special resolution. For a special resolution to be passed, at least 75% of the votes cast by shareholders entitled to vote on Resolution 5 must be in favour of the resolution.

Directors' Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 5.

Voting exclusion statement

The Company will disregard any votes cast on Resolution 5 by a person who may participate in the 10% Placement Facility and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if this resolution is passed and any associates of such persons. However, the Company need not disregard a vote cast on Resolution 5 if it is cast by: (a) a person as a proxy for a person who is entitled to vote, if the vote is cast in accordance with the directions on the proxy form; or (b) 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. At the date of this Notice, there are no potential allottees to whom shares may be issued under this resolution.

Resolution 6: Change of Vesting Dates of Indeterminate Rights previously issued under the Uscom Limited Equity Incentive Plan and Issue of Shares in Uscom Limited

Resolution 6 seeks Shareholder approval to change the vesting dates of 5,409,092 Indeterminate Rights issued to the Executive Chairman, Assoc.Prof. Rob Phillips, in November 2014.

Original Issue of Indeterminate Rights to Rob Phillips

At the 2014 Annual General Meeting, Shareholders approved, for the purposes of listing rule 10.14, the issue to Assoc.Prof. Phillips of three tranches of Indeterminate Rights under the Uscom Limited Equity Incentive Plan. The terms of the Indeterminate Rights were set out in the Notice of Meeting (released on 24 October 2014) and the details of the Testing Dates, Performance Conditions and Vesting Dates of the three tranches are set out in the table below.

Tranche	Testing Date	Number of Indeterminate Rights available to vest	Performance Condition	Vesting Date
Tranche 1	30 September 2015	1,136,364	Company revenue for FY2015 greater than or equal to \$1,330,833.	1 July 2018
Tranche 2	30 September 2016	2,136,364	Company revenue for FY2016 greater than or equal to \$1,596,999.	1 July 2019
Tranche 3	30 September 2017	2,136,364	Company revenue for FY2017 greater than or equal to \$1,863,166.	1 July 2020

The Performance Conditions for each of Tranches 1 and 2 have been achieved. The Performance Condition for Tranche 3 will be depend on the results achieved for the year ended 30 June 2017.

Under the current terms of issue of the Indeterminate Rights, Assoc.Prof. Phillips will be entitled to be issued with 1,136,364 Uscom Limited shares pursuant to Tranche 1 if he remains employed by the Company up until 1 July 2018. Similarly, Assoc.Prof. Phillips will be entitled to be issued with 2,136,364 Uscom Limited shares pursuant to Tranche 2 if he remains employed by the Company up until 1 July 2019. Assoc.Prof. Phillips will be entitled to be issued with 2,136,364 Uscom Limited shares pursuant to Tranche 3 if the above Performance Condition is met for the year ended 30 June 2017 and he remains employed by the Company up until 1 July 2020.

Current Proposal

The Board has reviewed the performance of Assoc.Prof. Phillips and his remuneration package. In carrying out the review, the Board obtained advice from an independent consultant in relation to the remuneration package of Assoc.Prof. Phillips. Based on the review and the independent advice, the Board reached the conclusion that it is fair and reasonable that the Vesting Dates for each of Tranches

1, 2 and 3 be amended as follows:

- Tranche 1 - 30 November 2016
- Tranche 2 - 30 November 2016
- Tranche 3 – 30 November 2017

In order for the Vesting Dates to be changed as set out above, it is necessary for the Company to obtain from the ASX a waiver from ASX Listing Rule 6.23.3 which would otherwise prohibit the amendment of the Vesting Dates to earlier dates than those set out in the Notice of Meeting for the 2014 Annual General Meeting. The Resolution is being put to the Meeting on the basis that the waiver will be granted by the ASX. If the waiver is not granted prior to the Meeting, the Resolution will be withdrawn.

If the Resolution is passed, Tranches 1 and 2 will vest on the day of the Meeting, that is, 30 November 2016. This will allow the Company to immediately issue to Assoc.Prof. Phillips 3,272,728 fully paid ordinary shares in the Company.

Similarly, if the Resolution is passed, Tranche 3 will vest on 30 November 2017 if all other conditions are met at that time. All of those other terms and conditions set out in the Notice of Meeting for 2014 Annual General Meeting will remain unchanged.

The following information is provided regarding Resolution 6:

- Assoc.Prof. Phillips is the Executive Chairman of the Company.
- There has been no allocation of securities under the Uscom Limited Equity Incentive Plan since the last approval of shareholders was made at the 2014 Annual General Meeting, other than the issue of the Indeterminate Rights to Assoc.Prof. Phillips.
- The shares to be issued upon the vesting of Tranches 1, 2 and 3 of the Indeterminate Rights will be granted under the terms and conditions of the Uscom Equity Incentive Plan.
- The Terms and Conditions of the Uscom Equity Incentive Plan provide that any Director is eligible to participate in particular awards. The only Director who is currently eligible for participation is the Executive Chairman, Assoc.Prof. Phillips.
- Details of the shares to be issued to Assoc.Prof. Phillips upon the vesting of Tranches 1, 2 and 3 of the Indeterminate Rights will be published in Uscom Limited's future annual Remuneration Reports.

Reasonable Remuneration

Section 208(1) of the *Corporations Act 2001* (Cth) (**the Act**) provides that a public company must not, without the approval of the Company's members, give a financial benefit to a related party unless an exception to the prohibitions which are set out in sections 210 to 216 of the Act applies to that issue. As a Director of the Company, Assoc.Prof. Phillips is a related party of the Company for the purposes of section 228(2) of the Act. The issue of the Shares will constitute the giving of a financial benefit to a related party for the purposes of section 229(3)(e) of the Act.

The Board considers that the issue of the Shares constitutes reasonable remuneration within the meaning of section 211(1) of the Act as:

- the incentive represented by the issue of the Shares is a cost-effective and efficient incentive when compared to other forms of incentive;
- The Shares comprise Assoc.Prof. Phillips' short- and long-term incentive;
- Tranche 1 was to provide a short-term incentive to the equivalent of \$250,000 based on the Company's share price as at 30 June 2014;
- Tranche 2 comprised the ongoing short-term incentive for financial performance over the 2 to 3 year period.

- Tranche 3 provides an incentive to Assoc.Prof. Phillips in his role as Chairman and Chief Executive Officer to improve the performance of the Company.
- Assoc.Prof. Phillips' current base salary (excluding superannuation and share-based payments) is \$229,000. Further information regarding Assoc.Prof. Phillips' remuneration is set out in the Remuneration Report in the 2016 Annual Report, at page 18.

Taking these factors into consideration, the Directors (other than Assoc.Prof. Phillips) consider there is no opportunity cost or benefit foregone to the Company in amending the Vesting Dates under Resolution 6. Accordingly, Shareholder approval is not required under section 208(1) of the Act.

If Shareholders do not pass Resolution 6, the Vesting Dates of the Indeterminate Rights will remain unchanged.

Directors' Recommendation

The Directors (with Assoc.Prof. Phillips abstaining) recommend that Shareholders vote in favour of Resolution 6.

Voting Exclusion Statement

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on Resolution 6 by Assoc.Prof. Rob Phillips and his associates.

However, the Company need not disregard a vote cast on Resolution 6 if:

- it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote and the appointment expressly authorises the chair of the meeting to exercise the proxy even if the resolution is connected directly or indirectly with remuneration of a member of the KMP.

Proxies

For an appointment of a proxy to be effective, proxy forms must be lodged at the Company's Share Registry, Boardroom Pty Limited at:

Postal address:	Boardroom Pty Limited GPO Box 3993, Sydney NSW 2001
Fax number:	(02) 9290 9655

no later than 10:30am (Sydney time) on 28 November 2016. A proxy form is provided with this Notice.

The Board has determined the date and time when a person must be on the Company register of members to attend and vote at the meeting to be 7.00pm (Sydney Time) on 28 November 2016.

Sydney, 27 October 2016



All Correspondence to:

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

📠 **By Fax:** +61 2 9290 9655

💻 **Online:** www.boardroomlimited.com.au

☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10:30am (AEDT) on Monday 28 November 2016.**

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

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

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **10:30am (AEDT) on Monday, 28 November 2016.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

📠 By Fax	+ 61 2 9290 9655
✉ By Mail	Boardroom Pty Limited GPO Box 3993, Sydney NSW 2001 Australia
👤 In Person	Boardroom Pty Limited Level 12, 225 George Street, Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

☐

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Uscom Limited** (Company) and entitled to attend and vote hereby appoint:

☐

the **Chair of the Meeting (mark box)**

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at **Suite 1, Level 7, 10 Lotus Street, Sydney NSW on Wednesday, 30 November 2016 at 10:30am (AEDT)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 1 & 6 I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolution even though Resolutions 1 & 6 is connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolutions 1 & 6). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	Adoption of Remuneration Report for the Year Ended 30 June 2016	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director – Ms Sheena Jack	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Director – Mr David He	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Ratification of Private Placement of Shares on 14 June 2016	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Additional Share Issue Capacity under Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Change of Vesting Dates of Indeterminate Rights previously issued under the Uscom Limited Equity Incentive Plan and Issue of Shares in Uscom Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SHAREHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2016