



LINIUS TECHNOLOGIES LIMITED

ACN 149 796 332

Notice of 2016 Annual General Meeting and Explanatory Statement

Notice is given that the Annual General Meeting of
Linus Technologies Limited ACN 149 796 332
will be held at the offices of
Norton Rose Fulbright
RACV Tower, Level 15, 485 Bourke Street, Melbourne, Victoria
on 30 November 2016
commencing at 10.00am AEDT

NOTICE OF 2016 ANNUAL GENERAL MEETING

Notice is given that the 2016 Annual General Meeting of the Shareholders of Linus Technologies Limited ACN 149 796 332 (**Company**) will be held at the offices of Norton Rose Fulbright, RACV Tower, Level 15, 485 Bourke Street, Melbourne, Victoria on 30 November 2016 commencing at 10.00am AEDT.

AGENDA

The Explanatory Statement which accompanies and forms part of this Notice of Meeting describes the various Resolutions to be considered at the Meeting.

Terms and expressions used in this Notice of Meeting have the meaning given to them in the “Definitions” section located at the end of the Explanatory Statement.

ORDINARY BUSINESS

Item 1: Financial Statements

To receive and consider the Annual Financial Report of the Company and its controlled entities, the Directors’ Report and the Independent Auditor’s Report in respect of the financial year ended 30 June 2016.

There is no vote on this item of business.

Item 2: Adoption of the Remuneration Report for the year ended 30 June 2016 (Resolution 1) (Advisory resolution only)

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

“That the Remuneration Report for the year ended 30 June 2016 be adopted.”

This resolution is advisory only and does not bind the Company or the Directors. The Directors will consider the outcome of the vote and any comments made by Shareholders at the meeting when considering the Company’s future remuneration policies.

A vote on this resolution must not be cast by or on behalf of a member of the key management personnel (**KMP**), details of whose remuneration are included in the Remuneration Report, or by any of their closely related parties.

However, this does not prevent those KMP or any of their closely related parties from voting as a proxy for a person who is not a member of the KMP or a closely related party if:

- the person specifies the way the proxy is to vote on this resolution in the proxy form; or
- the person voting as a proxy is the Chairman and the proxy form expressly authorises the Chairman to exercise the proxy even if the resolution is directly or indirectly connected with the remuneration of a member of the KMP.

Item 3: Re-election of Director – Stephen Kerr (Resolution 2)

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

“That, for the purposes of clause 13.2 of the Constitution and for all other purposes, Stephen Kerr, a Director retiring on rotation and being eligible for re-election, is re-elected as a Director.”

Item 4: Ratification of prior issue of Shares (Resolution 3)

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 all other purposes, Shareholders approve the prior issue of 10,000,000 Shares on the terms and conditions and in the manner detailed in the Explanatory Statement.”

Voting Exclusion:

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on Resolution 3 by any person who participated in the issue and any of that person's associates.

However, under the ASX Listing Rules, the Company need not disregard a vote on Resolution 3 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, in accordance with a direction on the proxy form to vote as the proxy decides.

Item 5: Approval for additional 10% placement capacity (Resolution 4)

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, Shareholders approve the issue of Equity Securities, in number, equal to up to 10% of the number of Shares on issue in the Company (at the time of the issue) calculated in accordance with the formula in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions and in the manner detailed in the Explanatory Statement.”

Voting Exclusion:

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on the Resolution 4 by a person who may participate in the proposed issue of Equity Securities and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if the resolution is passed and any associates of those persons.

However, under the ASX Listing Rules, the Company need not disregard a vote on Resolution 4 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, in accordance with a direction on the proxy form to vote as the proxy decides.

Item 6: Approval for the issue of 10,000,000 Options to Christopher Richardson (Resolution 5)

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

“That, for the purposes of sections 195(4) and 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 10,000,000 Options to Christopher Richardson (or his nominees) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion:

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on the Resolution 5 by Christopher Richardson and any of his nominees and associates.

However, under the ASX Listing Rules, the Company need not disregard a vote on Resolution 5 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, in accordance with a direction on the proxy form to vote as the proxy decides.

Item 7: Approval for the issue of 1,500,000 Options to Stephen Kerr (Resolution 6)

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

"That, for the purposes of sections 195(4) and 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 1,500,000 Options to Stephen Kerr (or his nominees) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion:

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on the Resolution 6 by Stephen Kerr and any of his nominees and associates.

However, under the ASX Listing Rules, the Company need not disregard a vote 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, in accordance with a direction on the proxy form to vote as the proxy decides.

OTHER BUSINESS

To consider any other business that may be lawfully brought forward.

BY ORDER OF THE BOARD



Stephen Kerr

Executive Director and Company Secretary

17 October 2016

Information regarding voting and proxies

Snapshot Date – Eligibility to Vote

For the purposes of voting at the Meeting, the Directors have determined that the shareholding of each Shareholder will be as it appears in the share register at 7.00 pm AEDT on 28 November 2016. Accordingly, transactions registered after that time will be disregarded in determining entitlement to vote at the Meeting.

Important voting information

The Company encourages all Shareholders who submit proxies to direct their proxy how to vote on the Resolutions.

The Chair of the Meeting intends to vote all undirected proxies in favour of each Resolution.

Shareholders' Questions and Comments

The Chair of the Meeting will give Shareholders a reasonable opportunity to ask questions about or make comments on the Company's 2016 Annual Report and the management or performance of the Company.

The Chair will also give Shareholders a reasonable opportunity to ask the Auditor or their representative (who will be present at the Meeting) questions relevant to:

- the conduct of the audit;
- the preparation and content of the Auditor's Report;
- the accounting policies adopted by the Company in relation to the preparation of its financial statements; and
- the independence of the Auditor in relation to the conduct of the audit.

The 2 ways to ask the Company or the Auditor questions are detailed below. Questions submitted in writing to the Company must relate to matters which are relevant to the Annual General Meeting including matters arising from the Company's 2016 Annual Report or the management or performance of the Company. Written questions to the Auditor must relate to the content of the Auditor's Report or the conduct of the audit.

1. Post or email your question direct to the Company as follows:

Company Secretary
Linus Technologies Limited
Level 40, 140 William Street
Melbourne, Victoria, 3000
Telephone: +61 3 9046 9700
Email: info@Linus.com

2. Attend the Annual General Meeting.

Please note that written questions must be received no later than 5 business days before the Meeting i.e. 23 November.

The Company is required by law to forward all questions to the Auditor from which the Auditor is required to prepare a list of those questions that are considered to be relevant to the conduct of the audit or the content of the Auditor's Report. The Auditor may omit questions that are the same in substance to other questions. The list of questions prepared by the Auditor will be available at the Meeting.

The Chair of the Meeting will answer as many of the frequently asked questions submitted to the Company as possible at the Annual General Meeting. Individual replies will not be sent. The Auditor will also be given a reasonable opportunity at the Annual General Meeting to answer written questions submitted to the Auditor.

Proxies

A Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy. The proxy may be an individual or a body corporate. A proxy need not be a Shareholder.

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 a Shareholder appoints 2 proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, each proxy may exercise half of the votes (disregarding fractions).

Proxy forms must be signed by the Shareholder or the Shareholder's attorney or, if the Shareholder is a company, must be signed by 2 directors or by a director and a secretary or, if it is a proprietary company that has a sole director who is also the sole secretary (or has no secretary), by that director, or under hand of its attorney or duly authorised officer. If the proxy form is signed by a person who is not the registered holder of the shares (e.g. an attorney), then the relevant authority (e.g. in the case of proxy forms signed by the attorney, the power of attorney or a certified copy of the power of attorney) must either have been exhibited previously to the Company or be enclosed with the proxy form.

For an appointment of a proxy to be valid, the form appointing the proxy and, if the form is signed under a power of attorney or other authority, the authority under which the form is signed (or a certified copy of the authority) must be received at the following addresses or by fax at least 48 hours prior to the Annual General Meeting at which the proxy intends to vote:

- a) **Hand Delivery** – Linus Technologies Limited, Level 40, 140 William Street, Melbourne VIC 3000;
- b) **Post** - Linus Technologies Limited, Level 40, 140 William Street, Melbourne VIC 3000; or
- c) **Email** – info@linus.com
- d) **Facsimile** – +61 3 9607 8298

A proxy form accompanies this Notice of Annual General Meeting. Additional proxy forms are available on request from the registered office of the Company or its share registry. The proxy form contains important information and other instructions which Shareholders should carefully read.

Corporate Representatives

A Shareholder which is a body corporate and which is entitled to attend and vote at a meeting of Shareholders may appoint an individual as a representative to exercise all or any of the powers the body corporate may exercise at meetings of Shareholders or in the capacity of a Shareholder's proxy. The appointment may be a standing one. Unless otherwise specified in the appointment, the representative may exercise, on the body corporate's behalf, all of the powers that the body could exercise at a meeting or in voting on a resolution. The representative must present satisfactory evidence that they are authorised to act as the company's representative prior to admission to the Meeting.

EXPLANATORY STATEMENT

PURPOSE OF INFORMATION

The purpose of this Explanatory Statement (which accompanies, and forms part of, the Notice of Meeting) is to provide Shareholders with an explanation of the business to be considered and Resolutions to be proposed at the 2016 Annual General Meeting of Linus Technologies Limited ACN 149 796 332 to be held at 10.00am AEDT on 30 November 2016 and to allow Shareholders to determine how they wish to vote on those Resolutions.

Terms and expressions used in this Explanatory Statement have the meaning given to them in the “Definitions” section located at the end of this Explanatory Statement.

Shareholders are encouraged to carefully read this Explanatory Statement and the Notice of Meeting in their entirety before deciding how to vote on each resolution. Shareholders should consult their financial or other adviser if they are undecided about what to do.

SUMMARY OF BUSINESS OF THE MEETING

- Item 1: Consideration of the 2016 Annual Report of the Company.
- Item 2: Adoption of the Remuneration report for the year ended 30 June 2016 (Resolution 1).
- Item 3: To re-elect Stephen Kerr as a Director (Resolution 2).
- Item 4: Ratification of prior issue of Shares (Resolution 3).
- Item 5: Approval for additional 10% placement capacity (Resolution 4)
- Item 6: Approval for the issue of 10,000,000 Options to Christopher Richardson (Resolution 5).
- Item 7: Approval for the issue of 1,500,000 Options to Stephen Kerr (Resolution 6).

ORDINARY BUSINESS

Item 1: Consideration of Financial Statements and Reports

The Corporations Act requires the Directors to lay before the Annual General Meeting the Annual Financial Report of the Company (which includes the Financial Statements and Directors’ Declaration), Directors’ Report and Independent Auditor’s Report in respect of the financial year ended on 30 June 2016, as a listed public company.

In accordance with the Corporations Act, Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on these reports.

There is no requirement in either the Corporations Act or the Company’s constitution for Shareholders to vote on or approve the Annual Financial Report, Directors’ Report or Independent Auditor’s Report.

Item 2: Adoption of the Remuneration Report for the year ended 30 June 2016 (Resolution 1)

1. Background

The Remuneration Report is contained in the Directors' Report in the 2016 Annual Report. Shareholders can access a copy of the report at the Company's website, www.linus.com.

The Remuneration Report provides information about the remuneration arrangements for KMP, which includes non-executive Directors and the most senior executives, for the year to 30 June 2016.

The Remuneration Report covers the following matters:

- details of Key Management Personnel (**KMP**);
- principles used to determine the nature and amount of remuneration;
- description and details of non-executive director remuneration;
- description and details of executive remuneration;
- executive equity ownership;
- key terms of executive service agreements; and
- related party information.

Shareholders will be given a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report. Shareholders will be asked to vote on the Remuneration Report. The resolution is advisory only and does not bind the Company or its Directors. The Board will consider the outcome of the vote and comments made by shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies.

Under the Corporations Act, if at least 25% of the votes cast on the resolution are against the adoption of the relevant Remuneration Report at two consecutive Annual General Meetings (each an "AGM", and any such potential 25% or more vote 'against' commonly referred to as a "first strike" or "second strike"), Shareholders will be required to vote at the second of those AGMs on a resolution that another general meeting be held within 90 days, at which all of the Directors in office at the time of the Directors' resolution to make the Directors' Report containing that second Remuneration Report (other than the Managing Director) must stand for re-election.

2. Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

3. Voting exclusions

A vote on Resolution 1 must not be cast by or on behalf of a member of the KMP or by any of their closely related parties (such as certain of their family members, dependants and companies they control).

However, this does not prevent a member of the KMP, details of whose remuneration are included in the Remuneration Report, or any of their closely related parties from voting as a proxy for a person who is not a member of those KMP or any of their closely related parties if:

- the person specifies the way the proxy is to vote on Resolution 1 in the proxy form; or
- the person voting as a proxy is the Chairman and the proxy form expressly authorises the Chairman to exercise the proxy even if the resolution is directly or indirectly connected with the remuneration of a member of the KMP for the Company. If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on Resolution 1 by marking any one of "For", "Against" or "Abstain" on the proxy form for that item of business. As set out in the section on appointing a proxy, if you have appointed the Chairman of the meeting as your proxy and you do not mark any of "For", "Against" or "Abstain" on the proxy form, you will be authorising the Chairman to vote any proxies held by him in favour of Resolution 1, even if that item is connected directly or indirectly with the remuneration of a member of the KMP for the Company. The Chairman of the meeting intends to vote any undirected proxies held by him in favour of Resolution 1.

Item 3: Re-election of Director – Stephen Kerr (Resolution 2)

1. Background

Pursuant to the Constitution, one third of the directors are required to retire on rotation each year at annual general meeting of the Company and each of those directors is eligible for re-election at that meeting.

Stephen Kerr retires on rotation in accordance with the Constitution and, being eligible and having signified his candidature for the office, offers himself for re-election as a Director of the Company.

Details of Mr Kerr's experience and expertise are contained on page 10 of the Company's 2016 Annual Report.

2. Recommendation

All Directors (with the exception of Mr Kerr as an abstention) recommend that Shareholders vote in favour of Resolution 2.

Item 4: Ratification of prior issue of Shares (Resolution 3)

1. Background

On 7 September 2016, the Company issued, without the approval of Shareholders pursuant to ASX Listing rules 7.1, the following securities:

Date	Security	Number of securities	Placees
7 September 2016	Shares	10,000,000	Kirby Family interests

The above Shares were issued within the 15% annual limit set out in ASX Listing Rule 7.1 (described below).

By issuing those Shares to the abovementioned placees, the Company's capacity to issue further Equity Securities without Shareholder approval within the 15% annual limit set out in ASX Listing Rule 7.1 (described below) was accordingly reduced.

Resolution 3 seeks Shareholder approval for the prior issue of those 10,000,000 Shares to the abovementioned placees.

Resolution 3 is proposed as an ordinary resolution and will be passed if more than 50% of the votes cast by Shareholders entitled to vote are in favour of that Resolution.

Shareholders' attention is drawn to the voting exclusion statement in relation to Resolution 3 in the Notice of Meeting.

2. ASX Listing Rules 7.1 and 7.4

Subject to a number of exceptions, in general terms, ASX Listing Rule 7.1 limits the number of Equity Securities (for example, shares, options and convertible notes) that a listed company may issue or agree to issue without shareholder approval in any 12 month period to 15% of its issued ordinary shares.

Under the ASX Listing Rules, securities issued with shareholder approval do not form part of the 15% annual limit set out in ASX Listing Rule 7.1.

ASX Listing Rule 7.4 provides that where a listed company in general meeting subsequently approves a prior issue of securities and that prior issue did not breach ASX Listing Rule 7.1, those securities will be treated as having been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

This means, by treating the 10,000,000 Shares issued within the 15% annual limit set out in ASX Listing Rule 7.1 as having been made with shareholder approval under ASX Listing Rule 7.4, those Shares will not be deducted in calculating the 15% annual limit under ASX Listing Rule 7.1.

In other words, by Shareholders subsequently approving that prior issue of Shares to the placees mentioned above, the Company will retain the flexibility to issue new Shares and other securities in the future up to the 15% annual limit set out in ASX Listing Rule 7.1 (without the need to obtain prior Shareholder approval).

3. Information required for Shareholder approval under ASX Listing Rules

In accordance with ASX Listing Rule 7.5, the following information is provided for Shareholders:

- (1) the issue of the 10,000,000 Shares to the placees mentioned in the above table did not breach ASX Listing Rule 7.1;
- (2) the 10,000,000 Shares issued to the placees mentioned were issued at an issue price of \$0.05 per Share and rank equally with all other Shares on issue in the Company; and
- (3) the funds raised from the issue of the 10,000,000 Shares (being \$500,000) have been and will be used for ongoing product development and commercialisation of the Linus technology and general working capital.

4. Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 3.

Item 5: Approval for additional 10% placement capacity (Resolution 4)

1. Background

ASX Listing Rule 7.1A provides that an Eligible Entity may seek shareholder approval at its annual general meeting to allow it to issue, or agree to issue, Equity Securities up to 10% of its issued capital during the 12 month period after the entity's annual general meeting at which the approval is obtained (**Additional 10% Placement Capacity**).

The Company is seeking Shareholder approval under Resolution 4 to have the ability to issue Equity Securities under the Additional 10% Placement Capacity.

If Shareholders approve Resolution 4, the number of Equity Securities the Company may issue under the Additional 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (described below). The Equity Securities must be in the same class as an existing class of quoted Equity Securities of the Company. The Company currently has only one class of quoted Equity Securities on issue, being Shares.

Resolution 4 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and entitled to vote at the Meeting must be in favour of Resolution 4 for it to be passed. Shareholders' attention is drawn to the voting exclusion statement in relation to Resolution 4 in the Notice of Meeting.

2. ASX Listing Rule 7.1A – Eligibility criteria

The Company will be an Eligible Entity for the purposes of ASX Listing Rule 7.1A provided it has a market capitalisation no greater than \$300 million (excluding restricted securities) (being, as at the date of the Notice of Meeting, approximately \$13,230,965 based on the number of unrestricted securities on issue and the closing price of Shares on ASX on 14 October 2016) and is not included in the S&P/ASX 300 Index as at the date of the relevant special resolution under ASX Listing Rule 7.1A. The Company is not included in that index. Accordingly, the Directors believe that the Company will be an Eligible Entity at the date of the Meeting.

If Shareholders approve Resolution 4, the maximum number of Equity Securities that the Company may issue under the Additional 10% Placement Capacity will be calculated according to the following formula (set out in ASX Listing Rule 7.1A.2) (**ASX Listing Rule 7.1A.2 Formula**):

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

Where:

- A** = The number of fully paid ordinary shares on issue 12 months before the issue date or date of agreement to issue:
- *plus* the number of fully paid ordinary shares issued in the 12 months under an exception in ASX Listing Rule 7.2;
 - *plus* the number of partly paid ordinary shares that became fully paid in the 12 months;
 - *plus* the number of fully paid ordinary shares issued in the 12 months with approval of holders of ordinary shares under ASX Listing Rule 7.1 or ASX Listing Rule 7.4; and
 - *less* the number of fully paid ordinary shares cancelled in the 12 months.

Note that “**A**” has the same meaning in ASX Listing Rule 7.1 (described above) when calculating the Company’s usual annual 15% placement capacity under that ASX Listing Rule.

D = 10%

E = The number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the issue date or date of agreement to issue that are *not* issued with the approval of holders of ordinary securities under ASX Listing Rule 7.1 or ASX Listing Rule 7.4.

If the Company obtains the approval of its Shareholders to the Additional 10% Placement Capacity:

- (1) any Shares issued under that Additional 10% Placement Capacity will not be counted in variable “**A**” above until their issue has been ratified under ASX Listing Rule 7.4 (described above) or 12 months has passed since their issue; and
- (2) any Shares issued under that Additional 10% Placement Capacity are counted in variable “**E**” above until their issue has been ratified under ASX Listing Rule 7.4 (described above) or 12 months has passed since their issue.

3. Placement capacity under ASX Listing Rules 7.1 and 7.1A

The Additional 10% Placement Capacity is in addition to the Company’s usual annual 15% placement capacity under ASX Listing Rule 7.1 (described above).

As at the date of the Notice of Meeting, the Company has 572,436,091 Shares on issue and, therefore, in addition to any other Shares which it can issue under the permitted exceptions to ASX Listing Rules 7.1 and 7.1A, it will have capacity to issue:

- (1) subject to the Shareholders approving Resolution 3, 85,865,414 Shares under ASX Listing Rule 7.1; and
- (2) subject to Shareholders approving Resolution 4, 57,243,609 Shares under ASX Listing Rule 7.1A.

The actual number of Shares that the Company will have capacity to issue or agree to issue under ASX Listing Rule 7.1A will be calculated at the relevant date in accordance with the ASX Listing Rule 7.1A.2 Formula.

4. *Period of Approval*

Shareholder approval of the Additional 10% Placement Capacity is valid from, and therefore Equity Securities may be issued under the Additional 10% Placement Capacity from, the date of the Meeting until the first to occur of the following:

- (1) the date that is 12 months after the date of the Meeting; and
- (2) the date of the approval by Shareholders of a transaction under ASX Listing Rule 11.1.2 (Proposed change to nature or scale of activities) or ASX Listing Rule 11.2 (Change involving main undertaking),

(the **Period of Approval**).

Upon the expiry of the Period of Approval, unless the Company has before the end of the Period of Approval obtained a further approval under ASX Listing Rule 7.1A.1, its placement capacity will be governed by ASX Listing Rule 7.1 (and ASX Listing Rule 10.11, in the case of placements to related parties).

An approval under Resolution 4 will cease to be valid if Shareholders approve a transaction under ASX Listing Rule 11.1.2 or 11.2 referred to above.

5. *Minimum Issue Price*

Under ASX Listing Rule 7.1A.3, the minimum price at which each Equity Security may be issued under the Additional 10% Placement Capacity is 75% of the VWAP for securities in that class calculated over the 15 trading days on which trades were recorded immediately before:

- (1) the date on which the price at which the securities are to be issued is agreed; or
- (2) if the securities are not issued within 5 trading days of that date, the date on which the securities are issued.

6. *Purpose and allocation*

As at the date of the Notice of Meeting, the Company does not have any specific intention to use the Additional 10% Placement Capacity.

The Company is seeking approval to take advantage of the ASX's recognition that flexibility is sometimes required if action needs to be taken swiftly. The Additional 10% Placement Capacity may be used to raise funds to support the Company's ongoing business, continued product development for the Linus technology, sales and marketing, commercialization of the technology and general working capital purposes or for the acquisition of business opportunities which may arise.

Ultimately, if Resolution 4 is approved, the Company's allocation policy for issues of Equity Securities under the Additional 10% Placement Capacity will be dependent on various considerations including (but not limited to) the purpose of the proposed issue, the alternative methods for raising funds that are available to the Company at the time, the effect of the proposed issue on the control of the Company, the circumstances of the Company and the prevailing market conditions at the time of the proposed issue. The identity of the placees will be determined on a case-by-case basis at or around the time of issue. However, the placees of any Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company. It is unlikely that such a placee will be a person to whom the Company is required to issue a prospectus or other disclosure document under the Corporations Act.

The Company may issue Equity Securities under the Additional 10% Placement Capacity for cash consideration or as non-cash consideration. Where the Company issues any Equity Securities under the Additional 10% Placement Capacity for non-cash consideration (for example, where the Company acquires assets from a vendor), the Company will provide to ASX for release to the market a valuation of the non-cash consideration that demonstrates that the issue price of the securities complies with the minimum issue price under ASX Listing Rule 7.1A.3 (outlined above).

7. *Risk of Economic and Voting Dilution*

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

If Resolution 4 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the Additional 10% Placement Capacity, the economic and voting dilution of existing Shareholders through the Company using the Additional 10% Placement Capacity is as shown in the table below. The table has been prepared based on the number of quoted Shares on issue and the closing price of those quoted Shares as at close of trade on ASX on 14 October 2016.

Number of Shares on Issue (variable "A" in Listing Rule 7.1A.2)*	Dilution			
	Dilution based on number of Shares issued (being 10% of the number of Shares at the time of issue)	Funds raised based on an issue price of \$0.032 (50% decrease in current issue price)	Funds raised based on an issue price of \$0.064 (Current issue price)	Funds raised based on an issue price of \$0.096 (50% increase in current issue price)
572,436,091 (Current)	57,243,609	\$1,831,795	\$3,663,591	\$5,495,386
858,654,137 (50% increase)	85,865,413	\$2,747,693	\$5,495,386	\$8,243,080
1,144,872,182 (100% increase)	114,487,218	\$3,663,591	\$7,327,182	\$10,990,773

*The number of Shares on issue 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 securities issued under a takeover offer) or that are issued with Shareholder approval under ASX Listing Rule 7.1 or 7.4.

The table above uses the following assumptions:

1. The current Shares on issue are the Shares on issue as at the date of the Notice of Meeting.
2. The current issue price set out above is the closing price of the Shares on ASX on 14 October 2016.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Annual General Meeting other than issues under an exception in ASX Listing Rule 7.2 or with Shareholder approval under ASX Listing Rule 7.1 or 7.4.
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 issues 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 issue of Equity Securities under the Additional 10% Placement Capacity consists only of Shares.

Shareholders should note that there is a risk that:

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

8. Prior Issues of Equity Securities over last 12 months

The Company previously obtained approval under ASX Listing Rule 7.1A at its annual general meeting held on 27 November 2015.

ASX Listing Rule 7.3A.6 requires the Notice of Meeting (or this Explanatory Statement) to include details of the total number of Equity Securities issued by the Company in the 12 months preceding the date of the Meeting and the percentage they represent of the total number of Equity Securities on issue at the commencement of that 12 month period.

During that 12 month period at total of 640,301,860 Equity Securities comprising 378,801,860 Shares, 200,000,000 Performance Shares (50,000,000 of which have been subsequently converted into Shares) and 61,500,000 Options were issued by the Company representing approximately 683% of the total number of Equity Securities (Shares, Performance Shares and Options) on issue in the Company on 30 November 2015.

Details of the issues of Equity Securities in the preceding 12 month period are set out in Annexure A.

9. Recommendation

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

Items 6 and 7: Approval for issue of Options to Christopher Richardson and Stephen Kerr (Resolutions 5 and 6)

1. Background

The Company intends, subject to Shareholder approval, to establish an equity based remuneration package with its Managing Director and Chief Executive Officer, Christopher Richardson and Executive Director and Chief Financial Officer, Stephen Kerr (**Recipients**) as the Company looks to enter into the commercialisation phase of its business and the Linus technology.

Under Resolutions 5 and 6, the Company proposes to issue the following Options (on the terms and conditions set out in Schedule 1):

Name	Position	Vesting Condition	Options	Value of Options
Christopher Richardson (Resolution 5)	Managing Director and Chief Executive Officer	Vesting Condition 1	2,000,000*	\$402,420
		Vesting Condition 2	2,000,000	
		Vesting Condition 3	2,000,000	
		Vesting Condition 4	2,000,000	
		Vesting Condition 5	2,000,000	
Stephen Kerr (Resolution 6)	Executive Director, Chief Financial Officer and Company Secretary	Vesting Condition 1	300,000*	\$60,363
		Vesting Condition 2	300,000	
		Vesting Condition 3	300,000	
		Vesting Condition 4	300,000	
		Vesting Condition 5	300,000	
Total			11,500,000	\$462,783

* These Options shall vest in four equal instalments at the end of each calendar quarter following the date on which Vesting Condition 1 is satisfied.

The purpose of the issue of the Options is for the Company to maximise the use of its cash resources, and equity based incentives such as Options are used to replace or supplement cash based remuneration. In addition, the Company wishes to link part of the Recipients' remuneration to certain specific market and commercial events (as set out in the Vesting Conditions) which incentivise the Recipients in their roles with the Company and assist in the alignment of their interests with Shareholders.

The Board believes that the issue of the Options provides a reasonable and appropriate method to provide the Recipients with cost effective remuneration and an equity based incentive and reward for their commitment and contribution to the Company in the performance of their roles with the Company.

2. Chapter 2E and section 195 of the Corporations Act

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

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

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

The grant of Options constitutes giving a financial benefit and each of the Recipients is a related party of the Company by virtue of their positions as Directors.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of the Options to the Recipients.

As the Recipients have a material personal interest in the issue of the Options that are the subject of Resolutions 5 and 6, the Company also seeks approval under section 195 of the Corporations Act so that the Shareholders may pass a resolution to deal with this matter.

3. ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

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

4. Technical Information required by the Corporations Act and ASX Listing Rule 10.13

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to Resolutions 5 and 6:

- (a) The Options will be issued to the Directors (or their nominees) as set out in the table under the heading "1. Background" in this section above.
- (b) The maximum number of Options to be issued is set out in the table under the heading "1. Background" in this section above.
- (c) The issue of the Options will occur progressively and the Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules).
- (d) The Options will be issued under the Company's equity incentive package described above and accordingly, will be issued for nil cash consideration and no funds will be raised. However, on any exercise of the Options, the holder will be required to pay the exercise price as determined in accordance with the terms and conditions of the Options and, consequently, funds will be raised by the Company at that time.
- (e) The terms and conditions of the Options are set out in Schedule 1.
- (f) The total value of the Options is \$462,783 and the pricing methodology is set out in Schedule 2.
- (g) The individual valuations for each of the Recipients are set out in the table under the heading "1. Background" in this section above.

- (h) The relevant interests of the Recipients in securities of the Company is set out below (excluding the Options proposed to be issued under Resolution 5 and 6):

Name	Shares	Options ¹
Christopher Richardson (Resolution 5)	-	10,000,000
Stephen Kerr (Resolution 6)	-	1,500,000
Total	-	11,500,000

1. For the avoidance of doubt, the Options referred to in the table above are existing securities and of a separate class to the Options to be issued subject to shareholder approval at the Meeting.

- (i) The related parties' proposed remuneration and emoluments for the previous and current financial year are set out below:

Name	FY2015	FY2016
Christopher Richardson (Resolution 5)	-	Commenced on 1 December 2015 \$75,000 inclusive of superannuation plus \$124,966 as value of Options allocated over the period
Stephen Kerr (Resolution 6)	-	Commenced on 21 January 2016 \$32,655 inclusive of superannuation plus \$21,087 as value of Options allocated over the period

- (j) If the Options under Resolutions 5 and 6 are issued, vested in accordance with their milestones, and exercised (as applicable), a total of 11,500,000 Shares would be issued. This will increase the number of Shares on issue from 572,436,091 to 583,936,091 (assuming that no other Options are exercised, no existing Performance Shares are converted into Shares (of which 176,027,554 remain outstanding as at the date of this Notice) and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by a total of approximately 2% in respect of the 11,500,000 Shares that would be issued to related parties under Resolutions 5 and 6.
- (k) The Company was re-admitted to the official list of ASX on 9 May 2016. The trading history of the Company's shares on ASX since readmission on 6 May 2015 until the date of this Notice is set out below:

	Price	Date
Highest	\$0.094	12 May 2016
Lowest	\$0.055	31 May 2016 and 24 June 2016
Last	\$0.064	14 October 2016

- (l) The grant of Options to an Executive Director is within the guidelines for executive remuneration set out in Recommendation 8.2 of the Corporate Governance Principles and Recommendations (3rd Edition) as published by the ASX Corporate Governance Council. The Board considers that the performance based milestones are designed such that they do not lead to "short-termism" on the part of senior executives or the taking of undue risks, and that:
- (i) the grant of Options, in particular, the Vesting Conditions of the Options, will assist in aligning the Recipients' interests with those of Shareholders;
 - (ii) the grant of the Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Recipients; and

- (iii) it is not expected that there are any significant opportunity costs to the Company foregone by the Company in granting the Options upon the terms proposed.
- (m) The primary purpose of the grant of the Options is to provide a performance linked incentive component in the remuneration package for the Recipients to motivate and reward their performance in their roles with the Company.
- (n) Mr Stephen McGovern, Chairman and Non-Executive Director recommends Shareholders vote in favour of the resolution as he believes that it is in the interests of the Company to provide incentives to the Recipients in this manner and as a method of attracting and retaining suitably qualified and experienced personnel in this capacity. The remaining Directors, being the Recipients, decline to make a recommendation to Shareholders in relation to Resolutions 5 and 6 due to each of their material personal interests in the outcome of the Resolutions (as applicable) on the basis that they are to be granted Options should Resolutions 5 and 6 be passed.
- (o) The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Shareholders to pass Resolutions 5 and 6.

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Options under Resolutions 5 and 6 as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of the Options under Resolutions 5 and 6 will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

DEFINITIONS

Unless the context requires otherwise, the terms below have the following meanings in the Notice and Explanatory Statement (and Schedules):

Annual General Meeting or Meeting means the 2016 annual general meeting of the Company convened by the Notice of Meeting and any adjournment or postponement of it.

ASX means Australian Securities Exchange.

Board means the board of Directors.

Company means Linus Technologies Limited ACN 149 796 332.

Constitution means the constitution of the Company.

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

Director or Directors means a director or the directors of the Company from time to time.

Eligible Entity has the same meaning as in the ASX Listing Rules.

Equity Securities has the same meaning as in the ASX Listing Rules.

Explanatory Statement means this Explanatory Statement accompanying the Notice.

Notice or Notice of Meeting means this document which comprises the Company's Notice of Annual General Meeting and the accompanying Explanatory Statement.

Option means an option to acquire a Share.

Performance Shares means the performance shares issued by the Company under its prospectus dated 3 March 2016.

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

Shareholder means a shareholder of the Company.

Share means a fully paid ordinary share in the Company.

Vesting Conditions means the conditions, as set out in Schedule 1, to be satisfied prior to when the relevant number of Options (as set out in this Explanatory Statement) vest in, and may be exercised by, the holder.

VWAP means the volume weighted average market price of Shares in the ordinary course of trading on the ASX.

A reference to time in the Notice and Explanatory Statement is to Melbourne time.

SCHEDULE 1 – TERMS AND CONDITIONS OF OPTIONS

1. Entitlement

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

2. Vesting Conditions

The Options will not vest and become exercisable into Shares until such time as the conditions to their vesting (**Vesting Conditions**) set out below have been satisfied:

- **Vesting Condition 1** means the date on which all existing and outstanding Performance Shares have been converted by the Company into Shares;
- **Vesting Condition 2** means, subject to Vesting Condition 1 having been satisfied, the date at which the VWAP over 20 consecutive trading days exceeds \$0.15;
- **Vesting Condition 3** means, subject to Vesting Condition 2 having been satisfied, the date on which the Company announces that a first release of the Linius technology in the form of software (Linius Software) is available for commercial distribution to the market (which succeeds alpha and beta versions of the software);
- **Vesting Condition 4** means the date on which the Company (or a subsidiary) first enters into an arm's length agreement with a third party for the commercial use of the Linius Software, whether by way of indirect means (eg via a reseller arrangement) or direct means (eg via a licence to use); and
- **Vesting Condition 5** means the date on which the Company's and its subsidiaries' forecast gross operational revenue from third party agreements for the following 12-month period is at least \$1,000,000.

If the relevant Vesting Condition is not satisfied within the respective time for satisfaction, the relevant number of Options attached to such Vesting Condition will lapse.

3. Exercise Price and Expiry Date

- (a) The Options have an exercise price equal to the VWAP over the five trading days before the date of the Meeting (**Exercise Price**).
- (b) The Options will expire on that date (**Expiry Date**) which is the earlier of.
 - (i) 30 November 2019;
 - (ii) the making by the Board of a determination that the Eligible Participant has acted fraudulently, dishonestly or in breach of the Eligible Participant's obligations to the Company or any of its subsidiaries; or
 - (iii) as determined in accordance with item 3 below; or
 - (iv) as determined in accordance with item 4 below,

and thereafter no party has any claim against any other party arising under or in respect of the Options.

4. Ceasing to be an Eligible Participant

If at any time prior to the Expiry Date of any Options, an Eligible Participant ceases to be an Eligible Participant as a Good Leaver, the Eligible Participant, will be entitled to keep any Options which have vested in accordance with the Vesting Conditions (**Vested Options**) and the Board, in its absolute discretion, shall determine the amount of any Options which have not so vested (**Unvested Options**) to vest.

If at any time prior to the Expiry Date of any Options, an Eligible Participant ceases to be an Eligible Participant as a Bad Leaver:

- (a) in respect of any Vested Options held, such Eligible Participant will have until the earlier of:
 - (i) three months from the date of ceasing to be an Eligible Participant; or
 - (ii) the Expiry Date of the Options,to exercise the Options, otherwise the Options will automatically lapse; and
- (b) any other Options will automatically lapse.

For the purposes of this item 4:

Bad Leaver means an Eligible Participant who ceases to be an Eligible Participant by any reason other than as a Good Leaver.

Eligible Participant means:

- (a) a full-time, part-time or casual employee (including an executive director) of the Company or any related body corporate;
- (b) a non-executive director of the Company or any related body corporate;
- (c) a contractor of, or consultant to, the Company or any related body corporate;
- (d) any other person whom ASIC allows to participate in the Plan without requiring compliance with Chapters 6D.2, 6D.3 (except section 736) and 7.9 of the Corporations Act; or
- (e) any person who is a prospective participant as described in the above paragraphs.

Good Leaver means an Eligible Participant who ceases to be an Eligible Participant by reason of retirement, permanent disability, redundancy or death or anyone determined by the Board as a good leaver on a case by case basis and at its absolute discretion.

5. Change in Control

Upon the occurrence of a Change in Control Event:

- (a) one-half of any Options that are Unvested Options shall automatically vest; and
- (b) for the balance of the Unvested Options, the Board may determine (in its discretion):
 - (i) that the Options may vest and be exercised at any time from the date of such determination, and in any number until the date determined by the Board acting bona fide so as to permit the holder to participate in any change of control arising from a Change in Control Event provided that the Board will forthwith advise in writing each holder of such determination. Thereafter, the Options shall lapse to the extent they have not been exercised; or
 - (ii) to use their reasonable endeavours to procure that an offer is made to holders of Options on like terms (having regard to the nature and value of the Options) to the terms proposed under the Change in Control Event in which case the Board shall determine an appropriate period during which the holder may elect to accept the offer and, if the holder has not so elected at the end of that period, the Options shall immediately vest and become exercisable and if not exercised within 10 days, shall lapse.

For the purposes of this Item 4 "Change in Control Event" means:

- (a) the occurrence of:
 - (i) the offeror under a takeover offer in respect of all Shares announcing that it has achieved acceptances in respect of 50.1% or more of the Shares; and
 - (ii) that takeover bid has become unconditional (except any condition in relation to the cancellation or exercise of the Options); or
- (b) the announcement by the Company that:
 - (i) Shareholders have at a Court convened meeting of shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Shares are to be either:
 - (A) cancelled; or
 - (B) transferred to a third party; and
 - (ii) the Court, by order, approves the proposed scheme of arrangement; or
- (c) the occurrence of the sale of all or a majority of the Company's main undertaking;
- (d) or at the absolute discretion of the Board, the occurrence of a sale of at least 50% of the Company's main undertaking.

6. Exercise Period

The Options are exercisable at any time after they become Vested Options and on or prior to the Expiry Date.

7. Notice of Exercise

The Options may be exercised by notice in writing to the Company (**Notice of Exercise**) and either payment of the Exercise Price for each Option being exercised or, if provided for in the Invitation, an election to use the Cashless Exercise Facility (as defined below) in respect of each Option being exercised. Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

8. Cashless exercise facility

- (a) If determined by the Board (in its discretion) and specified in an Invitation, the holder of Options may, subject to item 8(c) below, elect to pay the Exercise Price for an Option by setting off the exercise price against the number of Shares which they are entitled to receive upon exercise (**Cashless Exercise Facility**). By using the Cashless Exercise Facility, the holder will receive Shares to the value of the surplus after the Exercise Price has been set off.
- (b) If a holder elects to use the Cashless Exercise Facility, the holder will only be issued that number of Shares (rounded down to the nearest whole number) as are equal in value to the difference between the total Exercise Price otherwise payable for the Options on the Options being exercised and the then market value of the Shares at the time of exercise (determined as the volume weighted average of the prices at which Shares were traded on the ASX during the one week period immediately preceding the exercise date) calculated in accordance with the following formula:

$$S = O \times \frac{(MSP - EP)}{MSP}$$

Where:

S = Number of Shares to be issued on exercise of the Options.

O = Number of Options.

MSP = Market value of the Shares (calculated using the volume weighted average prices at which Shares were traded on the ASX over the one week period immediately preceding the exercise date).

EP = Option exercise price.

- (c) If the difference between the total Exercise Price otherwise payable for the Options on the Options being exercised and the then market value of the Shares at the time of exercise (calculated in accordance with item 8(b)) is zero or negative, then a holder will not be entitled to use the Cashless Exercise Facility.

9. Shares issued on exercise

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

10. Quotation of Shares on exercise

Application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

11. Timing of issue of Shares

After an Option is validly exercised, the Company must, as soon as possible following receipt of the Notice of Exercise and receipt of cleared funds equal to the sum payable on the exercise of the Option:

- (a) issue the Share; and
- (b) 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 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
- (c) do all such acts, matters and things to obtain the grant of official quotation of the Share on ASX no later than 5 Business Days after issuing the Shares.

12. 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.

13. Adjustment for bonus issues of Shares

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

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

14. Adjustment for rights issue

If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment of the Exercise Price of an Option.

15. Adjustments for reorganisation

If there is any reorganisation of the issued share capital of the Company, the rights of the option holder may be varied to comply with the Listing Rules which apply to a reorganisation of capital at the time of the reorganisation.

16. Options not quoted

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

17. Options not transferable

Options are not transferable unless they are Vested Options and only with the prior written approval of the Board of directors of the Company and subject to compliance with the Corporations Act.

SCHEDULE 2 – VALUATION OF OPTIONS PROPOSED TO BE ISSUED TO RELATED PARTIES

The Company has valued the Options proposed to be issued to the Recipients using the Black-Scholes option model and based on the assumptions set out in the table below, with the Options ascribed the following value:

Assumptions:

Value date: 14 October 2016

Share price: \$0.064*

Exercise price: \$0.064

Term: 3 years

Volatility: 1

Risk-free interest rate: 2%

Indicative value per Option: \$0.04024

* If it is assumed all other factors are equal, where the share price increases above the \$0.064 assumed above, the final value of the options granted will increase, and conversely where the share price reduces the final value of the options granted will also reduce.

ANNEXURE A

Date of issue	Number issued	Class/Type of equity security and Summary of terms	Names of persons who received securities or basis on which those persons was determined	Issue Price	Consideration	
4 December 2015	25,536,608	Ordinary Shares issued under Rights Issue	Shareholders	2 cents per share	Total cash consideration	\$510,732
					Amount of cash consideration spent and description of what consideration was spent on	Capital raised to fund the due diligence costs associated with the Linus (Aust) Pty Ltd acquisition and general administration overheads.
					Intended use for remaining cash consideration	N/A
					Non-cash consideration paid and current value of that non-cash consideration	N/A
18 December 2015	113,200	Fully paid ordinary shares on exercise of listed options.	Holders of listed options	4 cents per share	Total cash consideration	\$4,528
					Amount of cash consideration spent and description of what consideration was spent on	Working capital
					Intended use for remaining cash consideration	N/A
					Non-cash consideration paid and current value of that non-cash consideration	N/A
5 February 2016	25,000	Fully paid ordinary shares on exercise of listed options.	Holders of listed options	4 cents per share	Total cash consideration	\$1,000
					Amount of cash consideration spent and description of what consideration was spent on	Working capital
					Intended use for remaining cash consideration	N/A
					Non-cash consideration paid and current value of that non-cash consideration	N/A
5 February 2016	202,269	Ordinary shares	Corporate consultant remuneration	7.4 cents per share	Total cash consideration	N/A
					Amount of cash consideration spent and description of what consideration was spent on	N/A
					Intended use for remaining cash consideration	N/A
					Non-cash consideration paid and current value of that non-cash consideration	Paid - \$15,000 Current value - \$12,945

Date of issue	Number issued	Class/Type of equity security and Summary of terms	Names of persons who received securities or basis on which those persons was determined	Issue Price	Consideration	
5 April 2016	70,000,000	Ordinary shares issued pursuant to Prospectus Public Offer	Subscribers to the Offer pursuant to the Prospectus Public Offer	5 cents	Total cash consideration	\$3,500,000
					Amount of cash consideration spent and description of what consideration was spent on	Funding for the development of the Linius business and technology as described in the Prospectus.
					Intended use for remaining cash consideration	Funding for the development of the Linius business and technology as described in the Prospectus
					Non-cash consideration paid and current value of that non-cash consideration	N/A
18 April 2016	250,000,000	Ordinary shares	Issued to vendors pursuant to the acquisition of Linius (Aust) Pty Ltd	\$0.05	Total cash consideration	N/A
	50,000,000	Ordinary shares	Issued to vendors pursuant to the acquisition of Linius (Aust) Pty Ltd on conversion of Performance Shares	\$0.05	Amount of cash consideration spent and description of what consideration was spent on	N/A
					Intended use for remaining cash consideration	N/A
	17,500,000	Ordinary shares	Issued to Avitus Capital Pty Ltd (or nominees) pursuant to the Prospectus Conversion Offer	\$0.05	Non-cash consideration paid and current value of that non-cash consideration	Paid - \$16,125,000 Current Value of Ordinary Shares - \$20,640,000 Current Value of Options using the Black Scholes model - \$2,478,265
	5,000,000	Ordinary shares	Issued to CPS Capital Group Pty Ltd (or nominees) pursuant to the Prospectus CPS Offer	\$0.05		
	150,000,000	Unlisted performance shares	Issued to vendors pursuant to the acquisition of Linius (Aust) Pty Ltd	Nil		
	17,500,000	Unlisted Options	Issued to proposed company directors	Nil		
	41,000,000	Unlisted options	Issued to consultant or nominees	Nil		
	3,000,000	Unlisted options	Corporate consultant remuneration	Nil		

Date of issue	Number issued	Class/Type of equity security and Summary of terms	Names of persons who received securities or basis on which those persons was determined	Issue Price	Consideration	
24 May 2016	227,272	Ordinary shares	Corporate consultant remuneration	6.6 cents per share	Total cash consideration	N/A
					Amount of cash consideration spent and description of what consideration was spent on	N/A
					Intended use for remaining cash consideration	N/A
					Non-cash consideration paid and current value of that non-cash consideration	Paid - \$15,000 Current value - \$14,454
24 May 2016	50,000,000	Ordinary shares	Issued to vendors pursuant to the acquisition of Linus (Aust) Pty Ltd on conversion of Performance Shares	\$0.05	Total cash consideration	N/A
					Amount of cash consideration spent and description of what consideration was spent on	N/A
					Intended use for remaining cash consideration	N/A
					Non-cash consideration paid and current value of that non-cash consideration	Paid - \$2,500,000 Current value - \$3,200,000
7 September 2016	10,000,000	Ordinary shares	Placement issued to sophisticated investors	\$0.05	Total cash consideration	\$500,000
					Amount of cash consideration spent and description of what consideration was spent on	Funding for the development and commercialisation of the Linus business and technology.
					Intended use for remaining cash consideration	N/A
					Non-cash consideration paid and current value of that non-cash consideration	N/A
7 September 2016	197,511	Ordinary shares	Corporate consultant remuneration	7.6 cents per share	Total cash consideration	N/A
					Amount of cash consideration spent and description of what consideration was spent on	N/A
					Intended use for remaining cash consideration	N/A
					Non-cash consideration paid and current value of that non-cash consideration	Paid - \$15,000 Current value - \$12,640

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PROXY FORM

LINIUS TECHNOLOGIES LIMITED
ACN 149 796 332

ANNUAL GENERAL MEETING

I/We
of
being a Shareholder entitled to attend and vote at the Meeting, hereby
appoint
Name of proxy

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

or failing the person so named or, if no person is named, the Chair of the Meeting, 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 10:00am (AEDT), on 30 November 2016 at the office of Norton Rose Fulbright RACV Tower, Level 15 485 Bourke Street, Melbourne Victoria 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) even though Resolution 1 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 which the Chair is entitled to vote. 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.

	FOR	AGAINST	ABSTAIN
Resolution 1 – Adoption of Remuneration Report for year ended 30 June 2016	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Re-election of Director – Stephen Kerr	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Ratification of prior issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Approval for additional 10% placement capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Approval for the issue of 10,000,000 Options to Christopher Richardson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 – Approval for the issue of 1,500,000 Options to Stephen Kerr	<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):

Date: _____

Individual or Shareholder 1

Shareholder 2

Shareholder 3

Sole Director/Company Secretary

Director

Director/Company Secretary

Contact Name: _____

Contact Ph (daytime): _____

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 must 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 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) Hand Delivery – Linius Technologies Limited, Level 40, 140 William Street, Melbourne VIC 3000;
 - b) Post - Linius Technologies Limited, Level 40, 140 William Street, Melbourne VIC 3000;
 - c) Email – info@linius.com; or
 - d) Facsimile – +61 3 9607 8298

so that it is received not later than 10:00 am (AEDT) on 28 November 2016.

Proxy forms received later than this time will be invalid.