



AUCTUS ALTERNATIVE INVESTMENTS LIMITED
ABN 76 149 278 759

Notice of General Meeting

Explanatory Statement and Proxy Form

Date of Meeting:
Monday, 22 October 2018

Time of Meeting:
10.00am (AEDT)

Place of Meeting:
Level 7
90 Collins Street
Melbourne Victoria 3000

This Notice of General Meeting and Explanatory Statement should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional advisor without delay.

AUCTUS ALTERNATIVE INVESTMENTS LIMITED

ABN 76 149 278 759

Registered office: Level 7, 90 Collins Street, Melbourne, Victoria, 3000

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Shareholders of Auctus Alternative Investments Limited (the "Company") will be held at Level 7, 90 Collins Street, Melbourne Victoria 3000 at 10.00am (AEDT) on Monday 22 October 2018 ("Meeting").

AGENDA

The Explanatory Statement and proxy form which accompany and form part of this Notice, describe in more detail the matters to be considered. Please consider this Notice, the Explanatory Statement and the proxy form in their entirety. Terms and abbreviations used in this Notice and Explanatory Statement are defined in the Glossary.

ORDINARY BUSINESS

Resolution 1A: Ratification of Prior Issue of Shares

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

"That for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 22,671,000 Shares at an issue price of \$0.045 (4.5 cents) per share as described in the Explanatory Statement which accompanied and formed part of this Notice."

Resolution 1B: Ratification of Prior Issue of Shares

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

"That for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 4,036,110 Shares at an issue price of \$0.045 (4.5 cents) per share as described in the Explanatory Statement which accompanied and formed part of this Notice."

Resolution 2: Approval to Issue Options

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

"That, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 13,353,555 free-attaching Options in the Company with an exercise price of \$0.10 (10 cents), expiring 3 years from the issue date and which, upon exercise, entitle the holder to one fully paid ordinary share in the Company as described in the Explanatory Statement which accompanied and formed part of this Notice."

Resolution 3: Approval for Issue of Shares

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

"That for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 75,000,000 Shares by the Company on the terms and conditions set out in the Explanatory Statement which accompanied and formed part of this Notice."

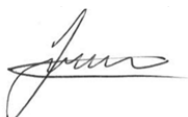
Resolution 4: Approval for Issue of Options

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

"That for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 30,000,000 Options in the Company with an exercise price of \$0.10 (10 cents), expiring 3 years from the issue date and which, upon exercise, entitle the holder to one fully paid ordinary share in the Company, to Mr Bradley Harrison (and/or his nominee(s)) as described in the Explanatory Statement which accompanied and formed part of this Notice."

DATED this 21st day of September 2018 at Melbourne

By order of the Board



Justin Mouchacca
Company Secretary

Notes

1. **Entire Notice:** The details of the resolution contained in the Explanatory Statement accompanying this Notice should be read together with, and form part of, this Notice.
2. **Record Date:** The Company has determined that for the purposes of the Meeting, only those persons who are registered as Shareholders at 7.00pm (AEDT) on 20 October 2018 will be entitled to vote at the Meeting and transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.
3. **Proxies**
 - a. Votes at the Meeting may be given personally or by proxy, attorney or representative.
 - b. Each shareholder has a right to appoint one or two proxies. A proxy need not be a shareholder of the Company.
 - c. Where a shareholder is entitled to cast two or more votes, the shareholder may appoint two proxies and may specify the proportion of number of votes each proxy is appointed to exercise.
 - d. If a shareholder appoints two proxies, and the appointment does not specify the proportion or number of the shareholder's votes, each proxy may exercise half of the votes. If a shareholder appoints two proxies, neither proxy may vote on a show of hands.
 - e. A proxy must be signed by the shareholder or his or her attorney who has not received any notice of revocation of the authority. Proxies given by corporations must be signed in accordance with corporation's constitution and Corporations Act.
 - f. To be effective, proxy forms must be received by the Company's Share Registry no later than 48 hours before the commencement of the General Meeting, this is no later than 10.00am (AEDT) on 20 October 2018. Any proxy received after that time will not be valid for the scheduled meeting.
 - i. By post to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne Victoria 3001
 - ii. In person to Computershare Investor Services Pty Limited, 'Yarra Falls', 452 Johnston Street, Abbotsford Victoria 3067
 - iii. By fax to 1800 783 447 (within Australia) or +61 9473 2555 (outside Australia)
 - iv. Online by going to www.investorvote.com.au or by scanning the QR code found on the enclosed proxy form with your mobile device
 - v. For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions

4. How the Chair will vote undirected proxies

Subject to any applicable voting prohibition, the Chairman of the meeting will vote undirected proxies in favour of all of the Resolutions. However, any undirected proxies held by the Chairman of the meeting will not be voted on Resolution 4 unless the express consent of the shareholder is given in the proxy appointment.

5. Proxies that are undirected on Resolution 4

Directors of the Company, any other of the Company's key management personnel or any of their closely related parties will not be able to vote undirected proxies held by them on Resolution 4. Key management personnel of the Company comprise the directors of the Company and those other persons having authority and responsibility for planning, directing and controlling the activity of the Company, directly or indirectly.

6. Corporate Representative

Any corporate shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

7. Voting Exclusion Statements:

Resolutions 1A and 1B

The Company will disregard any votes cast in favour of these resolutions by or on behalf of any person who participated in the issue and any associates of those persons.

However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolutions 2 and 3

The Company will disregard any votes cast in favour of these resolutions by or on behalf of any person who are expected to participate in or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely in the capacity of a holder of ordinary securities) and any associates of those persons.

However, the Company need not disregard a vote 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
- by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Resolution 4

The Company will disregard votes cast in favour of this Resolution by or on behalf of Mr Bradley Harrison and any of his associates.

However, the Company need not disregard a vote 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.

Corporations Act voting restrictions – key management personnel and their closely related parties

In accordance with the Corporations Act 2001 (Cth), the Company will disregard any votes cast on Resolution 4 by or on behalf of a member of the Company's key management personnel within the meaning of the Corporations Act (including the Directors) or any of that person's closely related parties within the meaning of the Corporations Act (such as close family members and any controlled companies of those persons) (collectively referred to as "Restricted Voters"). However, the Company need not disregard a vote if:

- it is a cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on this Resolution; and
- it is not cast on behalf of a Restricted Voter.

The Chair of the Meeting may cast vote on this Resolution as proxy where the written appointment of the Chair as proxy (which may include appointment of the Chair as proxy by default in the absence of another person) does not specify how the proxy is to vote on this Resolution but expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Company's key management personnel.

8. Enquiries

Shareholders are invited to contact the Company Secretary, Justin Mouchacca on (03) 9692 7222 if they have any queries in respect of the matters set out in these documents.

EXPLANATORY STATEMENT

This Explanatory Statement accompanied and form part of the Company's Notice for the General Meeting to be held at Level 7, 90 Collins Street, Melbourne Victoria 3000 at 10.00am (AEDT) on 22 October 2018 (**Meeting**).

Background to resolutions 1A, 1B, 2 and 3

On 14 August 2018 the Company announced that it would be undertaking a two-tranche capital raising (**Placement**) with the two tranches of the Placement being as set out below:

- Tranche 1 comprising the issue of up to 33,000,000 Shares at \$0.045 (4.5 cents) per Share to raise up to \$1,485,000 before costs. 22,671,000 of these Shares were issued on 16 August 2018 with the remaining 4,036,110 Shares issued on 12 September 2018. Ratification of the issue of these Shares is the subject of resolutions 1A and 1B. Each 2 Shares issued under tranche 1 was to be accompanied by 1 free-attaching unlisted option with an exercise price of \$0.10 (10 cents), expiring 3 years after this issue date and which, upon exercise, entitle the holder to one Share in the Company. The issue of free-attaching unlisted Options is subject to shareholder approval which is sought under Resolution 2; and
- Tranche 2 comprising the issue, subject to shareholder approval, of 75,000,000 Shares at a price to be determined following the Meeting but not less than 80% of the VWAP of the Company's Shares for the 5 days on which trades are recorded prior to the issue date. Approval for the issue of Shares under tranche 2 is subject to shareholder approval which is sought under Resolution 3 of the Notice.

Shares under the Placement have been, or are proposed to be, issued to domestic and offshore family offices, high net worth and sophisticated investors, each of whom has been identified by the Company.

Funds raised from the Placement have or are intended to be used for growth capital for Gophr, the purchase of an economic interest in Scout Venture Fund III, L.P, investigating other investment opportunities and otherwise for ongoing working capital requirements.

Resolution 1A and 1B: Ratification of Prior Issue of Placement Shares

Resolutions 1A and 1B seek Shareholder ratification pursuant to Listing Rule 7.4 of the prior issue of an aggregate of 26,707,110 Shares at an issue price of \$0.045 (4.5 cents). The shares were issued to domestic and offshore family offices, high net worth and sophisticated investors, each of whom has been identified by the Company. Each recipient of shares the subject of Resolutions 1A and 1B was a sophisticated or professional investor or otherwise exempt from the disclosure requirements of Chapter 6D of the Corporations Act 2001 (Cth).

Resolution 1A seeks ratification of the issue of 22,671,000 Shares on 16 August 2018. An Appendix 3B was released on that date. Resolution 1B seeks ratification of the issue of 4,036,110 Shares on 12 September 2018. An Appendix 3B was released on that date. The Shares the subject of resolutions 1A and 1B were issued without Shareholder approval using the Company's existing 15% placement capacity under Listing Rule 7.1.

By ratifying the issue of the Placement Shares (and approving or ratifying the other issues of Shares and free attaching Options the subject of this Notice), the Company's ability to issue securities within the 15% placement capacity under Listing Rule 7.1 during the next 12 months without obtaining prior Shareholder approval will be restored.

Resolutions 1A and 1B are ordinary resolutions.

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 provides that a company may reinstate its capacity to issue up to 15% of the ordinary securities on issue in a 12-month period if Shareholders ratify the previous issue of securities and the issue did not breach Listing Rule 7.1. Accordingly, Resolutions 1A and 1B seeks Shareholder approval for the ratification of the prior issue of 26,707,110 Shares pursuant to Listing Rule 7.4. By ratifying the issue of the Capital Raising Shares (and approving or ratifying the other issues of Shares and Options the subject of this Notice), the Company's ability to issue securities within the 15% placement capacity under Listing Rule 7.1 during the next 12 months without obtaining prior Shareholder approval will be restored.

Listing Rule 7.5 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval pursuant to Listing Rule 7.4:

- (a) The total number Shares that were issued is 26,707,110;
- (b) The Shares were issued at a price of \$0.045 per Share;
- (c) The Shares allotted and issued were fully paid ordinary shares of the Company with the same terms as, and ranking equally with, the existing Shares on issue;
- (d) The Shares were allotted and issued to domestic and offshore family offices, high net worth and sophisticated investors, each of whom has been identified by the Company. Each recipient of Shares the subject of Resolutions 1A and 1B was a sophisticated or professional investor or otherwise exempt from the disclosure requirements of Chapter 6D of the Corporations Act 2001 (Cth). None of the recipients of shares were related parties of the Company;
- (e) The funds raised will be used for growth capital for Gophr, the purchase of an economic interest in Scout Venture Fund III, L.P, investigating other investment opportunities and otherwise for ongoing working capital requirements; and
- (f) A voting exclusion statement is included in the Notice accompanying this Explanatory Statement.

Board Recommendation

The Board believes that Resolutions 1A and 1B are in the best interests of the Company and unanimously recommends that Shareholders vote in favour of these Resolutions. The Chairman of the meeting intends to vote undirected proxies in favour of Resolutions 1A and 1B.

Voting Exclusions

The Company will disregard any votes cast in favour of these resolutions by or on behalf of any person who participated in either or both of the issues and any associates of those persons.

However, the Company need not disregard a vote if it is cast:

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

Resolution 2: Approval for Issue of Options

The Company is seeking Shareholder approval pursuant to Listing Rule 7.1 to issue 13,353,555 free-attaching Options to professional and sophisticated investors who subscribed for and were issued shares the subject of Resolutions 1A and 1B. Each free-attaching option will be exercisable at \$0.10 (10 cents), expiring 3 years from the issue date and will, upon exercise, entitle the holder to one fully paid ordinary share in the Company.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any twelve-month period any equity securities, or other securities with rights of conversion to equity (such as Options) if the number of those securities exceeds 15% of the share capital on issue at the commencement of that twelve-month period. One circumstance where an issue

is not taken into account in the calculation of this 15% threshold is where the issue has the prior approval of shareholders in a general meeting.

ASX Listing Rule 7.3 requires that the meeting documents concerning a proposed resolution to approve an issue of securities in accordance with ASX Listing Rule 7.1 must include the following information:

- (a) The total number of free-attaching Options to be issued is 13,353,555;
- (b) The recipients of the Options will be domestic and offshore family offices, high net worth and sophisticated investors, each of whom has been identified by the Company and participated in tranche 1 of the Placement. Each recipient of Options will be a sophisticated or professional investor or otherwise exempt from the disclosure requirements of Chapter 6D of the Corporations Act 2001 (Cth). No related parties of the Company will be issued Options;
- (c) Each option will be exercisable at \$0.10 (10 cents), expire 3 years from the issue date and will, upon exercise, entitle the holder to one fully paid ordinary share in the Company. Full terms of the Options (excluding the exercise price and expiry date) are otherwise as set out in Annexure A;
- (d) The Options will be allotted progressively but, in any event, no later than three months after the date of this Meeting;
- (e) As the Options will be issued as free-attaching Options to shares and therefore not have an issue price, there will be no funds raised from the issue however any funds raised upon exercise of Options will be applied to the working capital requirements of the Company at the time of exercise;
- (f) a voting exclusion statement is contained in the Notice accompanying this Explanatory Statement.

Board Recommendation

The Board believes that Resolution 2 is in the best interests of the Company and unanimously recommends that Shareholders vote in favour of this Resolution. The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 2.

Voting Exclusions

The Company will disregard any votes cast in favour of Resolution 2 by or on behalf of any person who are expected to participate or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely in the capacity of a holder of ordinary securities) and any associates of those persons.

However, the Company need not disregard a vote 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
- by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Resolution 3: Approval for Issue of Shares

Resolution 3 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of up to 75,000,000 shares at an issue price to be determined following the Meeting but not less than 80% of the VWAP of the Company's ordinary shares for the 5 days on which trades are recorded prior to the issue date.

The Shares the subject of Resolution 3 represent tranche 2 of the Placement announced on 14 August 2018 and are proposed to be issued to domestic and offshore family offices, high net worth and sophisticated investors, each of whom has been identified by the Company. Each recipient of Shares

the subject of Resolution 3 will be a sophisticated or professional investor or otherwise exempt from the disclosure requirements of Chapter 6D of the Corporations Act 2001 (Cth).

If Resolution 3 is approved by Shareholders, the Directors will have the flexibility and discretion to issue up to 75,000,000 Shares within a 3 month period from the date of the General Meeting, subject to a minimum price, without being restricted by the 15% limit imposed by Listing Rule 7.1 and without having to suffer delay or additional expense involved in convening another general meeting to obtain any Shareholder approval that would otherwise be required under Listing Rule 7.1.

The following information is provided in accordance with Listing Rule 7.3:

- (a) A maximum number of securities to be issued is 75,000,000 Shares;
- (b) The Shares are proposed to be issued within 3 months of the date of this General Meeting. Any Shares issued more than 3 months after the date of the General Meeting will be issued without Shareholder approval, and will use the Company's 15% Placement capacity pursuant to Listing Rule 7.1 or 10% placement capacity pursuant to Listing Rule 7.1A. The Company may seek further Shareholder approval to issue the Shares the subject of this Resolution 3 in the event they are not issued within 3 months of this General Meeting;
- (c) The issue price of the Shares will be not less than 80% of the VWAP of the Company's Shares on the ASX, calculated over the last 5 days on which sales in the Company's Shares are recorded before the date on which the issue is made;
- (d) The Shares will be issued to domestic and offshore family offices, high net worth and sophisticated investors, each of whom has been identified by the Company and participated in Tranche 1 of the Placement. Each recipient of Shares will be a sophisticated or professional investor or otherwise exempt from the disclosure requirements of Chapter 6D of the Corporations Act 2001 (Cth). No related parties of the Company will be issued shares;
- (e) The Shares will have the same terms as, and rank equally with, the existing issued shares;
- (f) The funds raised are proposed to be used for growth capital for Gophr, the purchase of an economic interest in Scout Venture Fund III, L.P, investigating other investment opportunities and otherwise for ongoing working capital requirements; and
- (g) A voting exclusion statement is contained in the Notice accompanying this Explanatory Statement.

The Company may issue the Shares the subject of this Resolution progressively throughout the 3 month period, based on when placements are secured.

Board Recommendation

The Board believes that Resolution 3 is in the best interests of the Company and unanimously recommends that Shareholders vote in favour of this Resolution. The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 3.

Voting Exclusions

The Company will disregard any votes cast in favour of Resolution 3 by or on behalf of any person who are expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely in the capacity of a holder of ordinary securities) and any associates of those persons.

However, the Company need not disregard a vote 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
- by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Resolution 4: Issue for issue of Options – Bradley Harrison

Resolution 4 seeks Shareholder approval pursuant to Listing Rule 10.11 for the issue of 30,000,000 Options, each exercisable at \$0.10 (10 cents), expiring 3 years from the issue date and will, upon exercise, entitle the holder to one fully paid ordinary share in the Company, to Mr Bradley Harrison (and/or his nominee(s)).

In accordance with the Company's ASX announcement of 14 August 2018, it is proposed that, subject to the completion of the Company's proposed investment in Scout Venture Fund III, L.P, Mr Bradley Harrison will join the Board of the Company. Upon joining the Board (which will occur contemporaneously with completion of the Company's proposed investment in Scout Venture Fund III, L.P, it is proposed that Mr Harrison (and/or his nominee(s)) will be issued Options the subject of this Resolution 4.

The Options the subject of this Resolution 4 are proposed to vest in tranches as set out below:

- (a) 15,000,000 Options upon the later of the appointment of Mr Bradley Harrison as a Director or shareholders approving the issue of the Options the subject of this Resolution 4; and
- (b) Up to 15,000,000 Options upon and subject to completion of the Company's proposed investment in Scout Venture Fund III, with the number of Options that vest to be calculated using the following formula:

$$15,000,000 \times ((Y-25,000,000)/25,000,000) = Z$$

Where:

Y = the total committed capital in Scout Venture Fund III up to a maximum of \$50,000,000. If the Scout Venture Fund III conducts a final closing prior to reach committed capital of \$50,000,000 or more then Y is equal to the committed capital at the time of final closing. If the committed capital is less than \$25,000,000 then no Options shall vest.; and

Z = the number of options that vest.

It is anticipated the number of Options to vest will be known on or before May 2019 when it is expected the final closing will be conducted. Any unvested Options are not able to be exercised by Bradley Harrison (and/or his nominee(s)).

Corporations Act

Section 208 of the Corporations Act provides that a public company must not, subject to certain exceptions, give a financial benefit to a related party without approval of the company's members. Section 228 of the Corporations Act defines a "related party" for the purposes of Chapter 2E to include:

- directors of the public company (section 228(2)(a)); and
- an entity controlled by directors of the public company (section 228(4)).

Section 228(6) provides that an entity is a related party of a public company at a particular time if the entity believes or has reasonable grounds to believe that it is likely to become a related party of the public company of a kind referred to in subsection (1), (2), (3) or (4) at any time in the future.

Mr Harrison is proposed to be appointed as a director of the Company and is therefore a related party of the Company for the purposes of Chapter 2E of the Corporations Act.

A "financial benefit" is defined in section 229 of the Corporations Act and includes issuing securities to a related party.

Section 211 of the Corporations Act provides an exception to the requirement to obtain shareholder approval for giving a financial benefit to a related party where the financial benefit is reasonable remuneration.

The Board has formed the view that the issue of Options to Mr Harrison pursuant to Resolution 4 constitutes reasonable remuneration in accordance with section 211 of the Corporations Act. In reaching this view, the Board has considered the position Mr Harrison will hold, the responsibility he in future is likely to have in relation to the Company and the overall remuneration package he is receiving from the Company. Regard has also been had to the Company needing to effectively incentivise its Directors whilst aligning the incentive with increase shareholder value and the desirability to preserve cash resources within the Company.

ASX Listing Rules

The Company could rely on Listing Rule 10.12 Exception 6 to issue the Options to Mr Harrison (and/or his nominee(s)) on the basis the issue of Options would be in connection with the appointment of Mr Harrison and completion of the Company's proposed investment in Scout Venture Fund III, L.P, which are the transactions which caused him to become a related party of the Company. The Company is, however, seeking shareholder approval under Listing Rule 10.11 for issue of the Options in order to preserve its placement capacity under Listing Rules 7.1.

Listing Rule 10.11 requires a company to obtain shareholder approval by ordinary resolution prior to the issue of securities to a related party of the company. For the purposes of Listing Rule 10.11, a related party includes a Director of the company, an entity over which a Director has control and an entity which ASX believes, or has reasonable grounds to believe, is likely to become a related party of the company in the future.

Shareholder approval is being sought under Listing Rule 10.11 and as such approval is not required under Listing Rule 7.1.

The Following information is provided in accordance with Listing Rule 10.13:

- (a) The Options will be issued to Mr Harrison, a proposed Director of the Company (and/or his nominee(s));
- (b) The maximum number of securities to be issued is 30,000,000 Options;
- (c) The Options will be issued as soon as practicable following the Meeting however in any event no later than one (1) month after the date of the Meeting (or such later date as may be permitted by an ASX waiver of the Listing Rules, the Corporations Act and/or ASIC);
- (d) Each Option will be exercisable at \$0.10 (10 cents), expiring 3 years from the date of issue and will, upon exercise, entitle the holder to one fully paid ordinary share in the Company.

The Options will otherwise vest as follows:

- a. 15,000,000 Options upon the later of the appointment of Mr Bradley Harrison as a Director or shareholders approving the issue of the Options the subject of this Resolution 4; and
- b. up to 15,000,000 Options upon and subject to completion of the Company's proposed investment in the Scout Venture Fund III, with the number of Options that vest to be calculated using the following formula:

$$15,000,000 \times ((Y-25,000,000)/25,000,000) = Z$$

Where:

Y = the total committed capital in Scout Venture Fund III up to a maximum of \$50,000,000. If the Scout Venture Fund III conducts a final closing prior to reach committed capital of \$50,000,000 then Y is equal to the committed capital at the time of final closing. If the committed capital is less than \$25,000,000 then no Options shall vest; and

Z = the number of Options that vest.

It is anticipated the number of Options to vest will be known on or before May 2019 when it is expected the final closing will be conducted. Any unvested Options will not be able to be exercised.

Full terms of the Options (excluding the exercise price, expiry date and vesting conditions) are otherwise as set out in Annexure A;

- (e) The Options do not have an issue price and therefore there will be no funds raised from the issue however any funds raised upon exercise of Options will be applied to the working capital requirements of the Company at the time of exercise; and
- (f) A voting exclusion is contained in the Notice accompanying this Memorandum.

Board Recommendation

The Board(as constituted at the date of this Explanatory Statement) believes that Resolution 4 is in the best interests of the Company and unanimously recommends that Shareholders vote in favour of this Resolution. The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 4.

Voting Exclusions

The Company will disregard any votes cast in favour of Resolution 4 by Mr Bradley Harrison and any of his associates.

However, the Company need not disregard a vote 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.

Corporations Act voting restrictions – key management personnel and their closely related parties

In accordance with the Corporations Act 2001 (Cth), the Company will disregard any votes cast on Resolution 4 by or on behalf of a member of the Company's key management personnel within the meaning of the Corporations Act (including the Directors) or any of that person's closely related parties within the meaning of the Corporations Act (such as close family members and any controlled companies of those persons) (collectively referred to as "Restricted Voters"). However, the Company need not disregard a vote if:

- it is a cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on this Resolution; and
- it is not cast on behalf of a Restricted Voter.

The Chair of the Meeting may cast vote on this Resolution as proxy where the written appointment of the Chair as proxy (which may include appointment of the Chair as proxy by default in the absence of another person) does not specify how the proxy is to vote on this Resolution but expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Company's key management personnel.

GLOSSARY

The following terms have the following meanings in this Explanatory Statement:

“**\$**” means Australian Dollars;

“**ASX**” means ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange, as the context requires;

“**AEDT**” means Australian Eastern Daylight Time;

“**Board**” means the Directors acting as the board of Directors of the Company;

“**Chairman**” means the person appointed to chair the Meeting of the Company convened by the Notice;

“**Company**” means Auctus Alternative Investments Limited ABN 76 149 278 759;

“**Constitution**” means the constitution of the Company as at the date of the Meeting;

“**Corporations Act**” means the Corporations Act 2001 (Cth);

“**Director**” means a Director of the Company;

“**Explanatory Statement**” means the explanatory statement which forms part of the Notice;

“**Listing Rules**” means the Listing Rules of the ASX;

“**Meeting**” has the meaning given in the introductory paragraph of the Notice;

“**Notice**” means this notice of meeting;

“**Option**” means an option to acquire a Share;

“**Proxy Form**” means the proxy form attached to the Notice;

“**Resolution**” means a resolution referred to in the Notice;

“**Schedule**” means a schedule to the Notice;

“**Section**” means a section of the Explanatory Statement;

“**Share**” means a fully paid ordinary share in the capital of the Company; and

“**Shareholder**” means shareholder of the Company.

“**Free attaching option**” means Option exercisable at \$0.10 on or before the date that is three years from the date of grant and otherwise with the terms and conditions in Schedule 1.

“**VWAP**” means the volume-weighted average price.

Annexure A

Terms and Conditions of Options

Options have exercise price and expiry dates and vesting conditions (if any) as set out in Resolutions 3 and 4 respectively and otherwise have terms as set out below:

1. Entitlement

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

2. Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date.

3. Notice of Exercise

The Options may be exercised by notice in writing to the Company (**Notice of Exercise**) and payment of the Exercise Price for 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.

4. Shares issued on exercise

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

5. 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.

6. Timing of issue of Shares

After an Option is validly exercised, the Company must, within, 15 Business Days 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) 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.

7. 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. However, the Company will give holders of the Options notice of the proposed issue prior to the date for determining entitlements to participate in any such issue.

8. 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 Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

9. Adjustment for entitlement issue

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E[P-(S+D)]}{N+1}$$

O = the old Exercise Price of the Option.

E = the number of underlying Shares into which one Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one Share.

10. Adjustments for reorganisation

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

11. Options not quoted

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

12. Options transferable

The Options are transferable.

13. Lodgement Instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for shares on exercise of the Options with the appropriate remittance should be lodged at the Company's share registry.

Auctus Alternative Investments Limited

ABN 76 149 278 759

Lodge your vote:



Online:

www.investorvote.com.au



By Mail:

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

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

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

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

AVC

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

Proxy Form

XX



Vote online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I999999999

PIN: 99999

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



For your vote to be effective it must be received by 10:00am (AEDT) on Saturday, 20 October 2018

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

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

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

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

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

Attending the Meeting

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

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

**GO ONLINE TO VOTE,
or turn over to complete the form** ➔

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



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



I 9999999999

IND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

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I/We being a member/s of Auctus Alternative Investments Limited hereby appoint

☐ the Chairman of the Meeting

OR

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Auctus Alternative Investments Limited to be held at Level 7, 90 Collins Street, Melbourne Victoria 3000 at 10.00am (AEDT) on Monday, 22 October 2018 and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 4 (except where I/we have indicated a different voting intention below) even though Resolution 4 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolution 4 by marking the appropriate box in step 2 below.

STEP 2 Items of Business

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

		For	Against	Abstain
Resolution 1A	Ratification of Prior Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 1B	Ratification of Prior Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval to Issue Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval for Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval for Issue of Options – Bradley Harrison	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /