



AUCTUS ALTERNATIVE INVESTMENTS LIMITED
ABN 76 149 278 759

Notice of General Meeting

Explanatory Statement and Proxy Form

Date of Meeting:
Monday, 29 June 2020

Time of Meeting:
11.00am (AEST)

Due to the ongoing COVID-19 pandemic, the meeting will be held via an audio conferencing facility. If you are a shareholder who wishes to attend and participate in the virtual meeting please contact the Company by email to enquiries@auctusinvest.com or by phone to +61 3 9088 8670. Shareholders are strongly encouraged to lodge their completed proxy forms in accordance with the instructions in this Notice of General Meeting.

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

ACN 149 278 759

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

NOTICE OF GENERAL MEETING

Notice is hereby given that the General Meeting of shareholders of Auctus Alternative Investments Limited (the “Company”) will be held virtually at 11.00am (AEST) on Monday, 29 June 2020 (“General Meeting” or “Meeting”).

IMPACTS OF COVID-19 ON THE MEETING

The health and safety of members and personnel, and other stakeholders, is the highest priority and the Company is acutely aware of the current circumstances resulting from COVID-19. While the COVID-19 situation remains volatile and uncertain, based on the best information available to the Board at the time of the Notice, the Company intends to conduct a poll on the resolutions in the Notice using the proxies filed prior to the Meeting and for shareholders to be able to attend and participate in the Meeting (including by voting on resolutions on a show of hands) virtually by Zoom.

Shareholders are strongly encouraged to submit their proxies as early as possible and in any event prior to the cut-off for proxy voting as set out in the Notice. To lodge your proxy, please follow the directions on your personalised proxy form which will be enclosed with a copy of the Notice, delivered to you by email or post (depending on your communication preferences).

If you wish to attend the virtual Meeting, please contact the Company by email to enquiries@auctusinvest.com or by phone on +61 3 9088 8670 to receive registration details for the virtual Meeting.

In addition to questions asked at the virtual Meeting, the Company is happy to accept and answer questions submitted prior to the Meeting by email to enquiries@auctusinvest.com. Where a written question is raised in respect of the key management personnel of the Company or the resolutions to be considered at the Meeting, the Company will address the relevant question during the course of the Meeting or by written response after the Meeting (subject to the discretion of the Company not to respond to unreasonable and/or offensive questions).

If the situation in relation to COVID-19 were to change in a way that affected the position above, the Company will provide a further update ahead of the Meeting by releasing an announcement to ASX.

Further details in respect of each of the Resolutions proposed in this Notice of General Meeting (“**Notice**”) are set out in the Explanatory Statement accompanying this Notice. The details of Resolutions contained in the Explanatory Statement should be read together with, and form part of, this Notice.

AGENDA

The Explanatory Statement and Proxy Form which accompany and form part of this Notice, include defined terms and describe in more detail the matters to be considered. Please consider this Notice, the Explanatory Statement and the Proxy Form in their entirety.

SPECIAL BUSINESS

Resolution 1: Change of Company Name

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

'That, for the purposes of section 157(1)(a) of the Corporations Act and for all other purposes, the Company's name be changed from 'Auctus Alternative Investments Limited' to 'Auctus Investment Group Limited', with effect from when ASIC alters the details of the Company's registration.

Note: Under the Corporations Act, in order for Resolution 1 to be effective, this Resolution must be passed as a special resolution which requires 75% of votes cast on the Resolution (whether by shareholders in person, or by proxy or by attorney and entitled to vote on the Resolution) to be in favour.

ORDINARY BUSINESS

Resolution 2: 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 3,200,000 fully paid ordinary shares in the Company at an issue price of \$0.25 (25 cents) per Share as described in the Explanatory Statement accompanying this Notice."

Resolution 3: 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 5,000,000 fully paid ordinary shares in the Company at an issue price of \$0.20 (20 cents) per Share as described in the Explanatory Statement accompanying this Notice."

Resolution 4A: Approval to issue options

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

"That, for the purposes of ASX Listing Rule 10.14, section 195(4) of the Corporations Act and for all other purposes, approval is given for the Company to issue 2,000,000 options (with 1,000,000 options having an exercise price of \$0.35 (35 cents) and 1,000,000 options having an exercise price of \$0.45 (45 cents), expiring 25 May 2024 and, upon exercise, entitle the holder to one fully paid ordinary share in the Company) to Mr Campbell McComb (and/or his nominee(s)) as described in the Explanatory Statement which accompanied and formed part of this Notice."

Resolution 4B: Approval to issue options

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

"That, for the purposes of ASX Listing Rule 10.14, section 195(4) of the Corporations Act and for all other purposes, approval is given for the Company to issue 1,250,000 options (with 500,000 options having an exercise price of \$0.35 (35 cents) and 750,000 options having an exercise price of \$0.45 (45 cents)), expiring 25 May 2024 and, upon exercise, entitle the holder to one fully paid ordinary share in the Company) to Mr Michael Hynes (and/or his nominee(s)) as described in the Explanatory Statement which accompanied and formed part of this Notice."

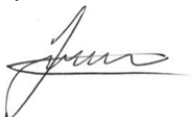
Resolution 5: Issue of Performance Rights – Mr Brad Harrison

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

“That for the purposes of Listing Rule 10.11 and for all other purposes, approval be given to grant up to 1,000,000 Performance Rights (being a right to acquire up to 1,000,000 fully paid ordinary shares in the Company subject to satisfaction of relevant performance conditions) for no consideration to Mr Brad Harrison (a Director of the Company), and/or his nominee, as described in the Explanatory Statement which accompanied and formed part of this Notice.”

DATED: 29 May 2020

By order of the Board

A handwritten signature in black ink, appearing to read 'Justin', with a long horizontal flourish extending to the right.

Justin Mouchacca
Company Secretary

Notes

1. **Entire Notice:** The details of the Resolutions contained in the Explanatory Statement accompanying this Notice of Meeting should be read together with, and form part of, this Notice of Meeting.
2. **Record Date:** The Company has determined that for the purposes of the General Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7:00pm on the date 48 hours before the date of the General Meeting. Only those persons will be entitled to vote at the General Meeting and transfers registered after that time will be disregarded in determining entitlements to attend and vote at the General Meeting.
3. **Proxies**
 - a. Votes at the General Meeting may be given personally or by proxy, attorney or representative.
 - b. Each shareholder has a right to appoint one or two proxies.
 - c. A proxy need not be a shareholder of the Company.
 - d. If a shareholder is a company it must execute the Proxy Form under its common seal or otherwise in accordance with its constitution or the Corporations Act.
 - e. 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.
 - f. 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.
 - g. 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.
 - h. To be effective, proxy forms must be received by the Company's share registry (Computershare Investor Services Pty Limited) no later than 48 hours before the commencement of the General Meeting, this is no later than 11.00am (AEST) on Saturday 27 June 2020. Any proxy received after that time will not be valid for the scheduled meeting.

4. 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.

5. How the Chairman will vote undirected proxies

Subject to the restrictions set out below, the Chairman of the Meeting intends to vote all undirected proxies on, and in favour of, all of the proposed Resolutions.

6. Voting Exclusion Statement:

Resolution 1

There are no voting exclusions on this Resolution.

Resolutions 2 and 3

The Company will disregard any votes cast in favour of Resolution 2 or 3 respectively by or on behalf of any person who participated in the issue and any of their associates.

However, this does not apply to a vote cast in favour of Resolution 2 or 3 respectively by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way."

Resolution 4A and 4B

The Company will disregard any votes cast in favour of Resolution 4A or 4B respectively by or on behalf of a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question and any of their associates.

However, this does not apply to a vote cast in favour of Resolution 4A or 4B respectively by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or

- a holder acting solely as nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 5

The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of the person who is to receive the securities in question and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) under Resolution 5 and any of their associates.

However, this does not apply to a vote cast in favour of Resolution 5 by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely as nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition – Resolutions 4A and 4B and 5

Other than as set out below, a vote on Resolutions 4A, 4B and 5 respectively must not be cast as proxy by a member of the key management personnel of the Company, details of whose remuneration are included in the 2019 Remuneration Report or a closely related party of such member (**Restricted Voter**).

A Restricted Voter may cast a vote on Resolutions 4A, 4B and 5 respectively as a proxy if either:

- the Restricted Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this resolution; or
- the Restricted Voter is the chair and the written appointment of the chair as proxy:
 - does not specify the way the proxy is to vote on this resolution; and
 - expressly authorises the chair to exercise the proxy even though this resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

7. Special Resolution

Resolution 1 is proposed as a special resolution. For a special resolution to be passed, at least 75% of the votes validly cast on the resolution by shareholders (by number of shares) must be in favour of the resolution.

8. Enquiries

Shareholders are invited to contact the Company Secretary, Justin Mouchacca on (03) 9088 8670 if they have any queries in respect of the matters set out in these documents.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of members of Auctus Alternative Investments Limited (ACN 149 278 759) (the "**Company**") in connection with the business to be conducted at a General Meeting ("**Meeting**") of Shareholders of the Company to be held virtually on Monday, 29 June 2020 at 11:00am (Melbourne time). Shareholders are directed to the cover and first page of the Notice for further details regarding the conduct of, and shareholder participation in, the Meeting.

This Explanatory Statement should be read in conjunction with, and forms part of, the accompanying Notice.

Resolution 1: Change of Company Name

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name.

The Company is seeking shareholder approval to effect a change in the Company's name from 'Auctus Alternative Investments Limited' to 'Auctus Investment Group Limited'.

The Board believes that changing the name of the Company to Auctus Investment Group Limited is consistent with the Company's current operations.

The Company hopes that the proposed new name will help to facilitate an improved understanding of the Company's businesses and growth strategy.

If this special resolution is passed, the change of name will take effect when ASIC alters the details of the Company's registration.

Resolution 1 is a special resolution and therefore at least 75% of votes validly cast on the Resolution by shareholders (by number of shares) must be in favour for Resolution 1 to pass.

Board Recommendation

The Board believes that Resolution 1 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 1.

Resolution 2: Ratification of Prior Issue of Shares

Resolution 2 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 of the prior issue of 3,200,000 Shares which were issued across three tranches on 1 November 2019, 5 November 2019 and 14 November 2019 respectively at an issue price of \$0.25 (25 cents). An Appendix 3B was released to ASX on each of these dates. 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 and was not, and is not, a related party of the Company. Each recipient of Shares the subject of Resolution 2 was a sophisticated or professional investor or otherwise exempt from the disclosure requirements of Chapter 6D of the Corporations Act 2001 (Cth).

A breakdown of the tranches of shares by date and the funds raised is set out in the table below:

| Date | Number of shares | Funds raised |
|------------------|-------------------------|---------------------|
| 1 November 2019 | 2,000,000 | \$500,000 |
| 5 November 2019 | 1,000,000 | \$250,000 |
| 14 November 2019 | 200,000 | \$50,000 |
| Total | 3,200,000 | \$800,000 |

The 3,200,000 fully paid ordinary shares sought to be ratified under this Resolution 2 were issued under the Company's 15% placement capacity pursuant to ASX Listing Rule 7.1.

ASX Listing Rule 7.1 provides that a company must not, subject to specific exceptions, issue or agree to issue during any twelve (12) month period any equity securities, or other securities with rights to conversion to equity (such as options), if the number of those securities exceeds 15% of the share capital of the Company on issue at the commencement of the twelve (12) month period.

If shareholders approve Resolution 2 then these shares will no longer use the placement capacity of the Company under the ASX Listing Rules and the Company will be able to issue equity securities using the refreshed placement capacity without shareholder approval. If shareholders do not approve Resolution 2 then these shares will continue to use the placement capacity available to the Company under the ASX Listing Rules.

ASX Listing Rule 7.5 requires that the following information be provided to shareholders for the purpose of obtaining shareholder approval pursuant to ASX Listing Rule 7.4:

- (a) 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 Resolution 2 was a sophisticated or professional investor or otherwise exempt from the disclosure requirements of Chapter 6D of the Corporations Act 2001 (Cth). A participant in the placement was a substantial shareholder of the Company, who was issued Shares on 1 November 2019, that equated to more than 1% of the issued capital at that point in time, being Wolf Capital Pty Ltd. None of the recipients of Shares were related parties of the Company;
- (b) The total number of fully paid ordinary shares in the Company that were issued was 3,200,000. The Shares were issued in three tranches as set out in the table above.
- (c) The Shares were issued at a price of \$0.25 (25 cents) per Share;
- (d) 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;
- (e) An aggregate of \$800,000 was raised from the issue of the Shares the subject of this Resolution 2. The funds raised have been, or will be, used to continue the strong growth in Assets Under Management and Advice (AUMA) and for ongoing working capital requirements; and
- (f) A voting exclusion statement for this Resolution 2 is included in the Notice.

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.

Resolution 3: Ratification of Prior Issue of Shares

Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 of the prior issue of 5,000,000 Shares which were issued on 17 April 2020 at an issue price of \$0.20 (20 cents) (**Placement Shares**). An Appendix 2A was released to ASX on 17 April 2020. The Placement Shares were issued to domestic and offshore family offices, high net worth and sophisticated investors, each of whom has been identified by the Company and was not, and is not, a related party of the Company. Each recipient of Placement Shares the subject of Resolution 3 was a sophisticated or professional investor or otherwise exempt from the disclosure requirements of Chapter 6D of the Corporations Act 2001 (Cth).

Of the 5,000,000 fully paid ordinary shares sought to be ratified under this Resolution 3, 1,385,861 Placement Shares were issued under the Company's 15% placement capacity pursuant to ASX Listing Rule 7.1 and 3,614,139 Placement Shares were issued under the Company's additional 10% placement capacity pursuant to ASX Listing Rule 7.1A.

ASX Listing Rule 7.1 provides that a company must not, subject to specific exceptions, issue or agree to issue during any twelve (12) month period any equity securities, or other securities with rights to conversion to equity (such as options), if the number of those securities exceeds 15% of the share capital of the Company on issue at the commencement of the twelve (12) month period.

ASX Listing Rule 7.1A provides that, subject to receipt of required shareholder approval, in addition to its 15% placement capacity under ASX Listing Rule 7.1 a company is entitled to issue additional securities up to 10% of the issued share capital through placements over a 12-month period after the company's Annual General Meeting, without need prior shareholder approval. The Company obtained the required shareholder approval for the additional placement capacity under ASX Listing Rule 7.1A at its 2019 Annual General Meeting on 28 November 2019.

If shareholders approve Resolution 3 then the Placement Shares will no longer use the placement capacity of the Company under the ASX Listing Rules and the Company will be able to issue equity securities using the refreshed placement capacity without shareholder approval. If shareholders do not approve Resolution 3 then the Placement Shares will continue to use the placement capacity available to the Company under the ASX Listing Rules.

ASX Listing Rule 7.5 requires that the following information be provided to shareholders for the purpose of obtaining shareholder approval pursuant to ASX Listing Rule 7.4:

- (a) The Placement 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 Resolution 3 was a sophisticated or professional investor or otherwise exempt from the disclosure requirements of Chapter 6D of the Corporations Act 2001 (Cth). Participants in the placement included two substantial shareholders who applied for Shares through the Placement that equated to more than 1% of the issued capital at that point in time, being Wolf Capital Pty Ltd and Mr John Plummer. None of the recipients of Shares were related parties of the Company;
- (b) The total number of fully paid ordinary shares in the Company that were issued was 5,000,000. Of these shares, 1,385,861 Placement Shares were issued under the Company's 15% placement capacity pursuant to ASX Listing Rule 7.1 and 3,614,139 Placement Shares were issued under the Company's additional 10% placement capacity under pursuant to ASX Listing Rule 7.1A;
- (c) The Shares were issued at a price of \$0.20 (20 cents) per Share;
- (d) 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;
- (e) An aggregate of \$1,000,000 was raised from the issue of the Placement Shares. The funds raised will be used to continue the growth in Assets Under Management and Advice (AUMA) and for ongoing working capital requirements; and
- (f) A voting exclusion statement for this Resolution 3 is included in the Notice.

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.

Resolutions 4A and 4B: Approval to issue options

Background to Resolutions 4A and 4B

Resolutions 4A and 4B seek shareholder approval for the issue of aggregate of 3,250,000 unlisted options (**Incentive Options**), each with an exercise price set out in the table below and expiring 25 May 2024 and which, upon exercise, entitle the holder to one fully paid ordinary share in the Company and otherwise having terms as set out in Annexure A, to Campbell McComb and Michael Hynes, each being an existing Directors of the Company (and/or their respective nominee(s)).

The Incentive Options are proposed to be issued under the Plan, a summary of which is set out in Annexure B.

The proposed recipients of Incentive Options are set out in the table below:

| RESOLUTION | RECIPIENT* | NUMBER OF INCENTIVE OPTIONS | TERMS |
|--------------|-----------------|-----------------------------|--|
| 4A | Campbell McComb | 1,000,000 | \$0.35 (35 cents), expiring 25/05/2024 |
| 4A | Campbell McComb | 1,000,000 | \$0.45 (45 cents), expiring 25/05/2024 |
| 4B | Michael Hynes | 500,000 | \$0.35 (35 cents), expiring 25/05/2024 |
| 4B | Michael Hynes | 750,000 | \$0.45 (45 cents), expiring 25/05/2024 |
| TOTAL | | 3,250,000 | |

**Incentive Options may be issued to nominee(s) as advised to the Company.*

Further details with respect to the proposed issue of Incentive Options is set out below.

The issue of options is being proposed in lieu of any payment of cash bonuses for the financial year.

ASX Listing Rules

Shareholder approval is required for the grant of the Incentive Options under the Plan to Mr McComb and Mr Hynes under ASX Listing Rule 10.14 because they are Directors of the Company and therefore related parties under Chapter 10 of the ASX Listing Rules. As Shareholder approval is sought under ASX Listing Rule 10.14, approval under ASX Listing Rule 7.1 is not required. Accordingly, the issue of Incentive Options to Mr McComb and Mr Hynes will not reduce the Company's 15% capacity for the purposes of ASX Listing Rule 7.1.

If shareholders pass Resolutions 4A to 4B the Company will be able to issue the Incentive Options as set out in Resolutions 4A to 4B. If Incentive options convert to ordinary shares, the Company's capacity to issue equity securities under ASX Listing Rule 7.1 (and, subject to the relevant shareholder approval being held at the time, ASX Listing Rule 7.1A) will be increased. If shareholders do not pass Resolutions 4A to 4B then the Company will not be able to issue the Incentive Options as set out in Resolutions 4A to 4B.

Other Information provided in accordance with ASX Listing Rule 10.15

ASX Listing Rule 10.15 provides that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval pursuant to ASX Listing Rule 10.14:

- (a) The proposed recipients and the maximum number of Incentive Options to be issued under the Plan to each person for whom approval under ASX Listing Rule 10.14 is sought under Resolutions 4A and 4B is set out in the table below.

| RESOLUTION | RECIPIENT | NUMBER OF INCENTIVE OPTIONS |
|--------------|-----------------|-----------------------------|
| 4A | Campbell McComb | 1,000,000 |
| 4A | Campbell McComb | 1,000,000 |
| 4B | Michael Hynes | 500,000 |
| 4B | Michael Hynes | 750,000 |
| TOTAL | | 3,250,000 |

Each of Campbell McComb and Michael Hynes are Directors of the Company and therefore shareholder approval is required to issue each of them the Incentive Options under the Plan as provided for in ASX Listing Rule 10.14.1.

- (b) The Incentive Options will be granted with no vesting conditions and vest immediately.
- (c) Details of the remuneration package of each of Campbell McComb and Michael Hynes is set out below:
- Campbell McComb: \$27,500 per month (excluding superannuation) for acting as Managing Director and Chairman of the Company;
 - Michael Hynes: \$23,333.33 per month (excluding superannuation) for acting as an Executive Director of the Company.
- (d) The number and average price of securities issued under the plan to each of Campbell McComb and Michael Hynes is set out below:
- Campbell McComb: 1,250,000 performance rights of which 625,000 performance rights have been converted to fully paid ordinary shares with a deemed issue price of \$0.26 (26 cents) per share on 22 October 2019.
 - Michael Hynes: 1,250,000 performance rights of which 625,000 performance rights have been converted to fully paid ordinary shares with a deemed issue price of \$0.26 (26 cents) per share on 22 October 2019.
- (e) Full terms of the Incentive Options are set out in Annexure A.
- (f) The Company will issue the Incentive Options no later than 12 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules).
- (g) The Incentive Options will be granted for nil consideration. Upon exercise, the Incentive Options will convert to Shares on a one for one basis on the same terms as the Company's existing Shares.

- (h) A summary of the terms of the Plan is set out in Annexure B.
- (i) The Company confirms the following:
 - i. Details of any securities issued under the Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14; and
 - ii. Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of securities under the Plan after these resolutions are approved and who were not named in the Notice will not participate until approval is obtained under ASX Listing Rule 10.14.
- (j) A voting exclusion statement for Resolutions 4A and 4B is included in the Notice.

Corporations Act

Under Chapter 2E of the Corporations Act, a public company cannot give a “financial benefit” to a “related party” unless one of the exceptions to the section apply or shareholders have in a general meeting approved the giving of that financial benefit to the related party.

Each of the proposed recipients of Incentive Options under Resolutions 4A and 4B inclusive are Directors of the Company and are therefore related parties of the Company as defined under the Corporations Act.

Section 211 of the Corporations Act provides that one of the exceptions to the requirement to obtain shareholder approval for giving a financial benefit to a related party is where the benefit is given to the related party as an officer of the Company and to give the remuneration would be reasonable given:

- (a) the circumstances of the Company; and
- (b) the related party’s circumstances (including the responsibilities involved in the office or employment).

The Company considers the proposed issue is reasonable remuneration and, as such, fall within the exception set out in section 211 of the Corporations Act.

In reaching this view, the Company has considered the respective positions and responsibilities of each of the Directors, the Company’s reliance on a limited number of personnel, the need for the Company to effectively incentivise each of the Directors while aligning the incentive with increasing shareholder value, the desirability of preserving cash resources within the Company, and the terms of the Incentive Options including that the exercise price(s) of the Incentive Options is significantly higher than the share price as at the date of the Notice. The Company considers that the issue of Incentive Options is an effective tool which preserves the cash reserves of the Company and its group entities whilst providing valuable consideration for the Directors.

Notwithstanding the above, and although no Director participated in the discussion of decision making process in respect of options proposed to be issued to them, the Directors acknowledge that Resolutions 4A and 4B separately relate to the majority of them. Accordingly, the Directors propose that Resolutions 4A and 4B each also be put to shareholders for the purposes of section 195(4) of the Corporations Act such that shareholders determine whether the named related parties will be issued Incentive Options as set out in the table on page 10 of this Explanatory Statement.

If Resolutions 4A and 4B are passed and the Incentive Options, the related parties noted in the table on page 10 of this Explanatory Statement will be issued the Incentive Options set out in the table on page 10 of this Explanatory Statement.

Resolutions 5: Approval to issue Performance Rights

Resolutions 5 seeks shareholder approval for the issue of 1,000,000 Performance Rights (**Performance Rights**) to Mr Brad Harrison (and/or his respective nominee).

Further details with respect to the proposed issue of Performance Rights is set out below.

Conditions and Hurdles for Performance Rights

The terms of the 1,000,000 proposed to be issued Mr Brad Harrison are set out below:

| Number | Vesting condition | Period |
|---|--|-----------------------------|
| 500,000 performance rights (Class A Performance Rights) | Vesting upon the Company's shares reaching a VWAP of \$0.35 (35 cents) for a consecutive period of 20 trading days | 4 years from the issue date |
| 500,000 performance rights (Class B Performance Rights) | Vesting upon the Company's shares reaching a VWAP of \$0.50 (50 cents) for a consecutive period of 20 trading days | 4 years from the issue date |

ASX Listing Rules

ASX 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 purpose of ASX 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 ASX Listing Rule 10.11 for Resolution 5 and as such approval is not required under ASX Listing Rule 7.1.

If shareholders pass Resolution 5 the Company will be able to issue the Performance Rights. If Performance Rights convert to ordinary shares, the Company's capacity to issue equity securities under ASX Listing Rule 7.1 (and, subject to the relevant shareholder approval being held at the time, ASX Listing Rule 7.1A) will be increased. If shareholders do not pass Resolution 5 then the Company will not be able to issue the Performance Rights as set out in Resolutions 5.

ASX Listing Rule 10.13 requires the meeting documents concerning a proposed resolution to approve an issue of securities in accordance with ASX Listing Rule 10.11 must include specific information which is set out below with respect to Resolution 5:

- (a) The proposed recipient of the Performance Rights is Mr Brad Harrison (or his nominee) with a maximum number of 1,000,000 Performance Rights to be acquired.
- (b) Mr Harrison is a Director of the Company and is therefore is a related party for the purposes of ASX Listing Rule 10.11.1.
- (c) The full terms of the Performance Rights are set out in Annexure C.
- (d) The Company intends to issue the Performance Rights in a single tranche shortly following the Meeting and in any case within 1 month of the date of the Meeting.
- (e) No funds will be raised from the issue of the Performance Rights. The Performance Rights are being issued to incentivise Mr Harrison.
- (f) Mr Harrison receives US\$50,000 per annum in relation to his role as Non-executive Director of the Company.
- (g) A voting exclusion statement for Resolution 5 is included in the Notice.

Corporations Act

Under Chapter 2E of the Corporations Act, a public company cannot give a "financial benefit" to a "related party" unless one of the exceptions to the section apply or shareholders have in a general meeting approved the giving of that financial benefit to the related party.

As a Director of the Company, Mr Brad Harrison is a related party of the Company as defined under the Corporations Act.

Section 211 of the Corporations Act provides that one of the exceptions to the requirement to obtain shareholder approval for giving a financial benefit to a related party is where the benefit is given to the related party as an officer of the Company and to give the remuneration would be reasonable given:

- (c) the circumstances of the Company; and
- (d) the related party's circumstances (including the responsibilities involved in the office or employment).

The Company considers the proposed issue is reasonable remuneration and, as such, fall within the exception set out in section 211 of the Corporations Act.

In reaching this view, the Company has considered the respective position and responsibility of the Non-executive Director, the Company's reliance on a limited number of personnel, the need for the Company to effectively incentivise each of the Directors while aligning the incentive with increasing shareholder value, the desirability of preserving cash resources within the Company, and the terms of the Performance Rights. The Company considers that the issue of Performance Rights is an effective tool which preserves the cash reserves of the Company and its group entities whilst providing valuable consideration for the Directors.

Notwithstanding the above, and although Mr Harrison did not participate in the discussion of decision making process in respect of Performance Rights proposed to be issued to him, the Directors acknowledge that Resolution 5 relates to him as one of only three directors. Accordingly, Directors propose that Resolution 5 be put to shareholders for the purposes of section 195(4) of the Corporations Act such that shareholders determine whether Mr Harrison will be issued Performance Rights as set out in the table on page 12 of this Explanatory Statement.

If Resolution 5 is passed and the Performance Rights, Mr Harrison will be issued the Performance Rights set out in the table on page 12 of this Explanatory Statement.

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;

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

“**Auditor's Report**” means the auditor's report on the Financial Report;

“**AEST**” means Australian Eastern Standard 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;

“**Closely Related Party**” means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

“**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;

“**Key Management Personnel**” means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company;

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

“**Notice**” means this Notice of Meeting including the Explanatory Statement;

“**Plan**” means the Company's Incentive Option and Performance Rights Plan summarised in Annexure B.

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

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

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

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

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

“**Trading Day**” means a day determined by ASX to be a trading day in accordance with the Listing Rules; and

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

ANNEXURE A TERMS OF OPTIONS

The material terms of the unlisted options (Options) are noted below:

- (a) Each Option will entitle its holder to subscribe for and be issued, one fully paid ordinary share in the capital of the Company (upon exercise of that Option).
- (b) All Options issued will vest immediately.
- (c) Options will not be listed for quotation on the ASX. The Company will apply for official quotation of the Shares issued upon the exercise of Options.
- (d) The Exercise Price of the Options is as set out in the Notice to which these terms are annexed, being \$0.35 (35 cents) or \$0.45 (45 cents) per option.
- (e) The expiry date of the Options is 25 May 2024.
- (f) A participant is not entitled to participate in or receive any dividend or other Shareholder benefits until its Options have vested and been exercised and Shares have been allocated to the participant as a result of the exercise of those Options.
- (g) There are no participating rights or entitlements inherent in the Awards and participants will not be entitled to participate in new issues of securities offered to Shareholders of the Company during the currency of Options without exercising the Options, except to the extent an Offer otherwise provides where permitted by the ASX Listing Rules.
- (h) An Options is non-transferable other than in special circumstances with the consent of the Board (which may be withheld in its discretion).
- (i) There is no right to a change in the exercise price or in number of underlying Shares over which an Options can be exercised, except to the extent permitted by the ASX Listing Rules.
- (j) In the event of a reorganisation of the capital of the Company, the Company may alter the rights of the holder of an Options to the extent necessary to comply with the ASX listing rules applying to reorganisations at the time of the reorganisation.
- (k) Following the issue of Shares following exercise of vested Options, Participants will be entitled to exercise all rights of a Shareholder attaching to the Shares, subject to any disposal restrictions advised to the Participant.
- (l) Exercise on Vesting: A Participant (or their personal legal representative where applicable) may, subject to the terms of any Offer Document, exercise any vested Options at any time after the Board notifies that the Options has vested and before it lapses by providing the Company with:
 - (i) the certificate for the Options or, if the certificate for the Awards has been lost, mutilated or destroyed, a declaration to that effect, accompanied by an indemnity in favour of the Company against any loss, costs or expenses which might be incurred by the Company as a consequence of its relying on the declaration that the certificate has been lost, mutilated or destroyed;
 - (ii) a notice addressed to the Company and signed by the Participant stating that the Participant exercises the Options and specifying the number of Options which are exercised; and
 - (iii) in respect of Options, payment to the Company in cleared funds of an amount equal to the Option Exercise Price multiplied by the number of Options which are being exercised, unless there is no exercise price payable in respect of the Options to be exercised or the Cashless Exercise Facility (explained in rule 4(e)) applies).
- (m) One or Several Parcels: Options may be exercised in one or more parcels of any size, provided that the number of Shares issued upon exercise of the number of Options in any parcel is not less than a marketable parcel (as defined in the ASX Listing Rules).
- (n) Cashless Exercise Facility:
 - (i) Market Value, in respect of a Share, means the volume weighted average market price for Shares traded on the ASX during the 7 day period up to and including the day on which the Market Value is to be determined.
 - (ii) In respect of Options, the Board may, in its discretion, permit a Participant to exercise some or all of their Options by using the Cashless Exercise Facility. The Cashless Exercise Facility entitles a Participant to set-off the Option Exercise Price against the number of Shares which the Participant is entitled to receive upon exercise of the Participant's Options. By using the Cashless Exercise Facility, the Participant will receive Shares to the value of the surplus after the Option Exercise Price has been set-off.
 - (iii) If a Participant elects to use the Cashless Exercise Facility, and its use is approved by the Board, the Participant will be issued or transferred that number of Shares (rounded up to the nearest whole number) equal to:
 - (A) the aggregate total Market Value (as determined on the date the Options the subject of the Cashless Exercise Facility are exercised) of Shares that would otherwise be issued on exercise of the Options had all such Options been exercised for a cash Option Exercise Price;
 - (B) less the aggregate total Option Exercise Price otherwise payable in respect of the vested Options exercised; and
 - (C) divided by the Market Value of a Share as determined on the date the Options the

subject of the Cashless Exercise Facility are exercised.

- (iv) If the Option Exercise Price otherwise payable in respect of the Options being exercised is the same or higher than the Market Value of Shares at the time of exercise, then a Participant will not be entitled to use the Cashless Exercise Facility.
- (o) Lapsing of Options: An Option will lapse upon the earlier of:
 - (v) the Board, in its discretion, resolving an Option lapses as a result of an unauthorised disposal of, or hedging of, the Option;
 - (vi) a holder ceases to be an Eligible Participant and the Board, in its discretion, resolves that the Option must be exercised within one (1) month (or such later date as the Board determines) of the date the Relevant Person ceases to be an Eligible Participant, and the Option is not exercised within that period and the Board resolves, at its discretion, that the Option lapses as a result;
 - (vii) the Board deems that an Option lapses due to fraud, dishonesty or other improper behaviour of the holder/Eligible Participant under the rules of the Plan; or
 - (viii) the expiry date of the Option.

ANNEXURE B

SUMMARY OF INCENTIVE OPTION AND PERFORMANCE RIGHTS PLAN

1. Eligibility

The Board may, from time to time, in its absolute discretion, make a written invitation to any Eligible Participant to apply for Options or Performance Rights (together, Awards), upon the terms set out in the Incentive Plan and upon such additional terms and conditions as the Board determines.

2. Offer and Application Form

An invitation to apply for the provision of Awards under the Incentive Plan must be made by way of an offer document (Offer Document). At a minimum, the Offer Document must include the following information:

- (p) the maximum number of Awards that the Eligible Participant may apply for, or the formula for determining the number of Awards that may be applied for;
- (q) the maximum number of Shares that the Participant is entitled to be issued on the exercise of each Award or the formula for determining the maximum number of Shares;
- (r) the Option exercise price, or the formula for determining the Option exercise price (Exercise Price) of any Options;
- (s) any applicable vesting conditions as determined by the Board in its discretion;
- (t) any restriction period the Board has resolved to apply to Shares issued on exercise of the Awards;
- (u) when Awards will expire (Expiry Date);
- (v) the date by which an Offer Document must be accepted (Closing Date);
- (w) any other terms and conditions applicable to the Awards; and
- (x) any other information required by law or the Corporations Act, the Class Order or the ASX Listing Rules or the considered by the Board to be relevant to the Awards or the Shares to be issued on the exercise of the Awards.

An Eligible Participant (or permitted Nominee) may apply for the Incentive Options or Performance Rights in whole or in part, by signing and returning an Application Form to the Company no later than the Closing Date. The Board may accept or reject any Application Form in its absolute discretion.

Where the Company needs to rely on the Class Order in respect of an Offer, the Company must have reasonable grounds to believe, when making an Offer, that the number of Shares to be received on exercise of Awards offered under an Offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or under an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the Offer.

3. Terms of the Options or Performance Rights

- (a) Unless otherwise determined by the Board, each Award will be granted to an Eligible Participant under the Incentive Plan for no more than nominal consideration.
- (b) Each Award will entitle its holder to subscribe for and be issued, one fully paid ordinary share in the capital of the Company (upon vesting and exercise of that Award) unless the Plan or an applicable Offer Document otherwise provides.
- (c) Awards will not be listed for quotation on the ASX, unless the Offer Document provides otherwise. The Company will apply for official quotation of the Shares issued upon the exercise of any vested Awards.
- (d) The Exercise Price of an Option shall be determined by the Board in its absolute discretion but must not be less than any minimum price specified in the ASX Listing Rules.
- (e) A participant is not entitled to participate in or receive any dividend or other Shareholder benefits until its Awards have vested and been exercised and Shares have been allocated to the participant as a result of the exercise of those Awards.
- (f) There are no participating rights or entitlements inherent in the Awards and participants will not be entitled to participate in new issues of securities offered to Shareholders of the Company during the currency of Awards without exercising the Options or Performance Rights, except to the extent an Offer otherwise provides where permitted by the ASX Listing Rules.
- (g) Subdivision 83A-C the *Income Tax Assessment Act 1997* applies to the Awards except to the extent an Offer Document provides otherwise.
- (h) An Award is non-transferable other than in special circumstances with the consent of the Board (which may be withheld in its discretion).
- (i) There is no right to a change in the exercise price or in number of underlying Shares over which an Award can be exercised, except to the extent an Offer Document otherwise provides where permitted by the ASX Listing Rules.
- (j) In the event of a reorganisation of the capital of the Company, the Company may alter the rights of the holder of an Award to the extent necessary to comply with the ASX listing rules applying to reorganisations at the time of the reorganisation.
- (k) Following the issue of Shares following exercise of vested Awards, Participants will be entitled to exercise all rights of a Shareholder attaching to the Shares, subject to any disposal restrictions advised to the Participant.

4. Vesting and Exercise of Options or Performance Rights

- (a) Vesting Conditions: Subject to rules 4(b) and 4(c) below, an Award acquired under the Plan will not vest and be exercisable unless the vesting conditions (if any) attaching to that Award have been satisfied and the Board has notified the Eligible Participant of that fact within 10 Business Days of becoming aware that any vesting condition has been satisfied.
- (b) Vesting Condition Waiver: Notwithstanding rule 4(a) above, the Board may in its absolute discretion, by written notice to an Eligible Participant, resolve to waive any of the vesting conditions applying to an Award. For clarity, the Board may in its discretion waive or reduce any vesting conditions after the time specified for satisfaction of those vesting conditions has passed. In the event of a Change of Control of the Company, the Board may resolve to waive all vesting conditions attaching to an Award.
- (c) Exercise on Vesting: A Participant (or their personal legal representative where applicable) may, subject to the terms of any Offer Document, exercise any vested Award at any time after the Board notifies that the Award Right has vested and before it lapses by providing the Company with:
 - (ix) the certificate for the Awards or, if the certificate for the Awards has been lost, mutilated or destroyed, a declaration to that effect, accompanied by an indemnity in favour of the Company against any loss, costs or expenses which might be incurred by the Company as a consequence of its relying on the declaration that the certificate has been lost, mutilated or destroyed;
 - (x) a notice addressed to the Company and signed by the Participant stating that the Participant exercises the Awards and specifying the number of Awards which are exercised; and
 - (xi) in respect of Options, payment to the Company in cleared funds of an amount equal to the Option Exercise Price multiplied by the number of Options which are being exercised, unless there is no exercise price payable in respect of the Options to be exercised or the Cashless Exercise Facility (explained in rule 4(e)) applies.
- (d) One or Several Parcels: Awards may be exercised in one or more parcels of any size, provided that the number of Shares issued upon exercise of the number of Awards in any parcel is not less than a marketable parcel (as defined in the ASX Listing Rules).
- (e) Cashless Exercise Facility:
 - (i) Market Value, in respect of a Share, means the volume weighted average market price for Shares traded on the ASX during the 7 day period up to and including the day on which the Market Value is to be determined.
 - (ii) In respect of Options, the Board may, in its discretion, permit a Participant to exercise some or all of their Options by using the Cashless Exercise Facility. The Cashless Exercise Facility entitles a Participant to set-off the Option Exercise Price against the number of Shares which the Participant is entitled to receive upon exercise of the Participant's Options. By using the Cashless Exercise Facility, the Participant will receive Shares to the value of the surplus after the Option Exercise Price has been set-off.
 - (iii) If a Participant elects to use the Cashless Exercise Facility, and its use is approved by the Board, the Participant will be issued or transferred that number of Shares (rounded up to the nearest whole number) equal to:
 - (A) the aggregate total Market Value (as determined on the date the Options the subject of the Cashless Exercise Facility are exercised) of Shares that would otherwise be issued on exercise of the Options had all such Options been exercised for a cash Option Exercise Price;
 - (B) less the aggregate total Option Exercise Price otherwise payable in respect of the vested Options exercised; and
 - (C) divided by the Market Value of a Share as determined on the date the Options the subject of the Cashless Exercise Facility are exercised.
 - (iv) If the Option Exercise Price otherwise payable in respect of the Options being exercised is the same or higher than the Market Value of Shares at the time of exercise, then a Participant will not be entitled to use the Cashless Exercise Facility.
- (f) Lapsing of Awards: An Award will lapse upon the earlier of:
 - (i) the Board, in its discretion, resolving an Award lapses as a result of an unauthorised disposal of, or hedging of, the Award;
 - (ii) a vesting condition not being satisfied or becoming incapable of satisfaction (and not being waived);
 - (iii) in respect of an unvested Award, the holder ceases to be an Eligible Participant and the Board does not exercise its discretion to vest the Award or allow it to remain unvested;
 - (iv) in respect of a vested Award, a holder ceases to be an Eligible Participant and the Board, in its discretion, resolves that the Award must be exercised within one (1) month (or such later date as the Board determines) of the date the Relevant Person ceases to be an Eligible Participant, and the Award is not exercised within that period and the Board resolves, at its discretion, that the Award lapses as a result;
 - (v) the Board deems that an Award lapses due to fraud, dishonesty or other improper behaviour of the holder/Eligible Participant under the rules of the Incentive Plan;

- (vi) in respect of an unvested Award, the Company undergoes a Change of Control or a winding up resolution or order is made, and the Award does not vest in accordance with rules of the Incentive Plan; and
- (vii) the expiry date of the Award.

5. Restrictions

- (a) The Board may, in its discretion, determine at any time up until exercise of an Award, that a restriction period will apply to some or all of the Shares issued or transferred to a Participant on exercise of the Award (Restricted Shares), up to a maximum of fifteen (15) years from the Acquisition of the Award (Restriction Period).
- (b) The Board may, in its sole discretion, having regard to the circumstances at the time, waive a Restriction Period (other than where imposed by the ASX Listing Rules).
- (c) The Company may implement any procedure it considers appropriate to restrict a Participant from dealing with any Shares for as long as those Shares are subject to a Restriction Period.
- (d) Shares are deemed to be subject to a Restriction Period to the extent necessary to comply with any escrow restrictions imposed by the ASX Listing Rules. The Participant agrees to execute a restriction agreement in relation to the Restricted Shares reflecting any Restriction Period applying to the Restricted Shares under the Plan or any escrow imposed by the ASX Listing Rules.
- (e) No issue or allocation of Awards and/or Shares will be made to the extent that it would contravene the Constitution, Listing Rules, the Corporations Act or any other applicable law.

INCENTIVE PLAN – GLOSSARY

Change of Control means:

- (a) a bona fide takeover bid is declared unconditional and the bidder has acquired a relevant interest in at least 50.1% of the Company's issued Shares;
- (b) a court approves, under Section 411(4)(b) of the Corporations Act, a proposed compromise or arrangement (other than a compromise or arrangement with the Company's creditors) for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
- (c) in any other case, a person obtains voting power in the Company which the Board (which for the avoidance of doubt will comprise those Directors immediately prior to the person acquiring that voting power) determines, acting in good faith and in accordance with their fiduciary duties, is sufficient to control the composition of the Board.

Acquisition Date means, in respect of an Award, the date the Board resolves to accept an Application Form from an Eligible Participant or Nominee (as applicable) and to provide the Award to the applicant.

Class Order means ASIC Legislative Instrument 14/1000 as amended or replaced from time to time.

Eligible Participants means a Director (whether executive or non-executive), a full or part time employee of the Company or any of its subsidiaries (Group Company), a casual employee or contractor of a Group Company (but, if the Class Order is being relied on, only to the extent permitted by the Class Order) and a prospective participant who has entered into an agreement to become an Eligible Participant.

Nominee means a nominee of an Eligible Participant that is one of the following:

- (a) an immediate family member of the Eligible Participant or (subject to Board approval) a trustee of an Eligible Participant's family trust whose beneficiaries are limited to the Eligible Participant and/or the Eligible Participant's immediate family members; or
- (b) a company whose members comprise no persons other than the Eligible Participant or immediate family members of the Eligible Participant.

ANNEXURE C

TERMS OF PERFORMANCE RIGHTS

Performance Rights have the following Applicable Milestones:

- (a) Class A Performance Rights convert upon the Company's shares reaching a VWAP of \$0.35 (35 cents) for a consecutive period of 20 trading days.
- (b) Class B Performance Rights convert upon the Company's shares reaching a VWAP of \$0.50 (50 cents) for a consecutive period of 20 trading days.

Performance Rights otherwise have common terms as set out below:

- (a) A Performance Right is a right to receive a fully paid ordinary share in the capital of the Company (**Share**) subject to satisfaction of an Applicable Milestone (refer (b) below).
- (b) A Performance Right shall convert to a Share upon and subject to achievement of the milestone applicable to that Performance Right (each being an **Applicable Milestone**).
- (c) A Performance Right for which an Applicable Milestone has not been satisfied lapses on the date which is four (4) years from vesting of that Performance Right (**Lapse Date**).
- (d) A Performance Right does not entitle the holder to attend or vote on any resolutions proposed at a general meeting of shareholders of the Company.
- (e) A Performance Right does not entitle the holder to any dividends.
- (f) Upon winding up of the Company, a Performance Right may not participate in the surplus profits or assets of Company.
- (g) A Performance Right is not transferable unless otherwise determined by the Board or a delegate of the Board.
- (h) A Performance Right does not lapse upon the termination or resignation of the holder.
- (i) In the event that the issued capital of the Company is reconstructed, and the Company is listed on ASX at the relevant time, all rights of a holder will be changed to the extent necessary to comply with the ASX Listing Rules at the time of reorganisation provided that, subject to compliance with the ASX Listing Rules, following such reorganisation the economic and other rights of the Holders are not diminished or terminated.
- (j) This clause applies whilst the Company is listed on ASX. Performance Rights will not be quoted on ASX. Upon conversion of a Performance Right into a Share in accordance with these terms, the Company must within seven (7) days from the date of conversion, apply for and use best endeavours to obtain official quotation on ASX of the Shares arising from conversion.
- (k) Subject to compliance with applicable law (including the ASX Listing Rules as they apply to the Company), Performance Rights shall immediately convert to Shares upon a Change of Control occurring.

Change of Control means:

- a. a bona fide takeover bid is declared unconditional and the bidder has acquired a relevant interest in over 50% of the Company's issued shares;
 - b. the sale of all or substantially all of the assets of the Company;
 - c. a court approves under section 411(4)(b) of the Corporations Act, a proposed compromise arrangement for the purpose of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
 - d. in any other case, a person obtains voting power in the Company that the Board (which for the avoidance of doubt will comprise those Directors immediately prior to the person acquiring the voting power) determines, acting in good faith and in accordance with their fiduciary duties, is sufficient to control the composition of the Board.
- (l) Holders of Performance Rights will not be entitled to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
 - (m) This clause applies whilst the Company is listed on ASX. The terms of the Performance Rights may be amended as necessary by the Board to comply with the ASX Listing Rules, or any direction of ASX regarding the terms provided that, subject to compliance with the ASX listing rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.

- (n) A Performance Right gives the Holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.
- (o) Subject to paragraph (q) below, a Performance Right will convert into a Share upon the achievement of an Applicable Milestone to that Performance Right prior to the Lapse Date. An Applicable Milestone for a Performance Right will be specified in the terms of issue of or invitation to apply for the Performance Right.
- (p) In the event an Applicable Milestone is satisfied prior to the Lapse Date, Performance Rights held by a Holder will convert into an equal number of Shares.
- (q) If an Applicable Milestone for a Performance Right is not achieved by the Lapse Date, all Performance Rights will lapse and be deemed to have been cancelled without payment or other compensation to the Holder.
- (r) The Shares into which the Performance Rights will convert will rank pari passu in all respects with existing Shares and, if the Company is listed on ASX, an application will be made by the Company to ASX for official quotation of the Shares issued upon conversion.
- (s) The conversion of Performance Rights is subject to compliance at all times with the ASX Listing Rules if the Company is listed on ASX at the relevant time and the Corporations Act.

Auctus Alternative Investments Limited

ABN 76 149 278 759

Need assistance?



Phone:

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



Online:

www.investorcentre.com/contact

AVC

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



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **11.00am (Melbourne time) Saturday, 27 June 2020.**

Proxy Form

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.

Corporate Representative

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

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999

SRN/HIN: I999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

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

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



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

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

☐

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



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

Step 1

Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of 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 via an audio conferencing facility on Monday, 29 June 2020 at 11.00am (Melbourne time) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 4A, 4B and 5 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 4A, 4B and 5 are 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 Resolutions 4A, 4B and 5 by marking the appropriate box in step 2.

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 1 | Change of Company Name | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 | Ratification of Prior Issue of Shares | <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 4A | Approval to issue options - Mr Campbell McComb | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4B | Approval to issue options - Mr Michael Hynes | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 5 | Issue of Performance Rights – Mr Brad 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.

Step 3

Signature of Securityholder(s)

This section must be completed.

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

Update your communication details (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

AVC

2 6 4 4 7 7 A



Computershare

