

NOTICE OF ANNUAL GENERAL MEETING

CTI LOGISTICS LIMITED ABN 69 008 778 925

Notice is hereby given that the **Annual General Meeting** of the members of CTI Logistics Limited (the "**Company**") will be held at The Backlot, 21 Simpson Street, West Perth, Western Australia at **5:00 pm** on **Tuesday, 25 November 2014**. (Parking is available in the CTI car park.)

ORDINARY BUSINESS

FINANCIAL STATEMENTS

To receive and consider the Financial Statements and the reports of the directors and of the auditors of the Company and its controlled entities for the year ended 30 June 2014.

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

1. ADOPTION OF REMUNERATION REPORT

"That, for the purpose of section 250R(2) of the Corporations Act, and for all other purposes, the Remuneration Report forming part of the Company's 2014 Annual Report be adopted."

The vote on this resolution is advisory and not binding on the directors or the Company.

Voting Prohibition Statement

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

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

However, a person described above may vote on this resolution if:

- (a) the person does so as a proxy appointed in writing that specifies how the proxy is to vote on the resolution; and
- (b) the vote is not cast on behalf of a person described in sub-paragraphs (a) or (b) above.

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings of the Company, shareholders will be required to vote at the second of those annual general meetings on a resolution (a "spill resolution") on whether to hold a further meeting to spill the board as required by the Corporations Act.

2. RE-ELECTION OF MR BRUCE EDMOND SAXILD AS A DIRECTOR

"That Mr Saxild, who retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a director of the Company."

3. RE-ELECTION OF MR DAVID ANDERSON MELLOR AS A DIRECTOR

"That Mr Mellor, who retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a director of the Company."

4. ISSUE OF SHARES TO DIRECTORS PURSUANT TO THE CTI LOGISTICS EMPLOYEE SHARE PLAN

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

"That approval be given to the issue of up to a maximum of 300,000 fully paid ordinary shares in the capital of the Company to executive directors David Anderson Mellor and Bruce Edmond Saxild pursuant to and in accordance with the terms of the CTI Logistics Employee Share Plan. The maximum number of shares that may be issued to each director is 150,000".

Prior to making a decision with respect to Resolution 4, shareholders should refer to the Explanatory Memorandum contained in this Notice of Meeting.

The Company will disregard any votes cast on this resolution by any director of the Company who may participate under the CTI Logistics Employee Share Plan ("Participating Party") and any associate of a Participating Party. However, the Company will not disregard a vote if:

(a) it is cast by a Participating Party as proxy for a person who is entitled to vote in accordance with a direction on the proxy form; or

(b) it is cast by a Participating Party who is chairing the meeting as a proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

A Proxy Form accompanies this Notice of Meeting.

By order of the Board.



D A Mellor
SECRETARY
23 October 2014

- NOTE:**
- * A member of the Company entitled to attend and vote is entitled to appoint not more than two Proxies to attend the Annual General Meeting and vote on his/her behalf. Where more than one Proxy is appointed, each Proxy must be appointed to represent a specified proportion of the member's voting rights. If the appointments do not specify the proportion of votes that each Proxy may exercise, each Proxy may exercise half the votes (fractions disregarded). A Proxy need not be a member of the Company.
 - * To be effective, the Proxy Form must be properly completed and signed by the member or his attorney duly authorised in writing or, if the member is a body corporate, either in any manner permitted by the Corporations Law or under the hand of an officer or attorney duly authorised in writing by the member.
 - * The Proxy Form and any Power of Attorney under which it is signed or a notarially certified copy thereof, or a facsimile transmission copy thereof must be received by the Company at its registered office not less than 48 hours before the time of the Annual General Meeting.

How the Chairman will vote undirected proxies

If the Chairman of the Meeting is appointed, or is taken to be appointed, as a Proxy but the appointment does not give directions on how to vote on a resolution, then the Chairman intends to exercise the relevant shareholder's votes in favour of the relevant resolution (subject to the other provisions of this Notice, including the voting exclusions noted above).

If you appoint the Chairman of the Meeting as your Proxy, you should direct the Chairman how to vote on resolution 1 – Adoption of Remuneration Report by marking the "For", "Against", or "Abstain" box in respect of that resolution on the Proxy Form. If the appointment does not specify the way in which the Chairman is to vote on resolution 1 – Adoption of Remuneration Report, you expressly authorise the Chairman to exercise the Proxy even though the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

If you do not want the Chairman to exercise the Proxy in accordance with the Chairman's stated intentions on a resolution, you should give directions on how to vote on the resolution by marking the appropriate box of the Proxy Form.

Directing your Proxy how to vote

If a shareholder appoints a Proxy, the shareholder can direct the Proxy how to vote by following the instructions on the Proxy Form. Shareholders are encouraged to direct the Proxy how to vote on the resolutions at the meeting.

Due to the voting exclusion that applies to resolution 1 – Adoption of Remuneration Report, KMP of the Company and their closely related parties will not be able to vote your Proxy on resolution 1 – Adoption of Remuneration Report unless you have directed them how to vote on the resolution, or in the case of the Chairman, if you expressly authorise the Chairman.

If you appoint the Chairman of the Meeting as your Proxy and the appointment does not specify the way in which the Chairman is to vote on resolution 1 – Adoption of Remuneration Report, you expressly authorise the Chairman to exercise the Proxy even though the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

If you intend to appoint a KMP as your Proxy, you are encouraged to direct them how to vote on the resolutions by marking the "For", "Against", or "Abstain" box in respect of each resolution in the Proxy Form.

Determination of voting entitlements

The directors have determined in accordance with Regulation 7.11.37 of the Corporation Regulations 2001 that, for the purposes of attending and voting at the meeting, shares will be taken to be held by the registered holders at 5pm (WST) on Sunday, 23 November 2014.

EXPLANATORY MEMORANDUM

This memorandum has been prepared for the information of shareholders in CTI Logistics Limited ("Company") in connection with the business to be conducted at the Annual General Meeting of shareholders in the Company to be held on 25 November 2014 ("Meeting").

This memorandum should be read in conjunction with the accompanying Notice of Annual General Meeting ("Notice").

Resolution 4 - Issue of Shares to Executive Directors pursuant to the CTI Logistics Employee Share Plan ("Plan")

The Proposed Issue

The Company proposes to issue a maximum of up to 300,000 shares to two executive directors of the Company ("Recipient Directors") pursuant to the Plan. The Recipient Directors' performance and the progress of the Company have led the directors of the Company other than the Recipient Directors ("Non-Recipient Directors") to conclude that the issue of shares to the Recipient Directors is warranted. The maximum number of shares that may be issued to the Recipient Directors is set out below:

<i>Recipient Director</i>	<i>Number of Shares</i>
<i>David Anderson Mellor</i>	<i>150,000</i>
<i>Bruce Edmond Saxild</i>	<i>150,000</i>
<i>TOTAL</i>	<i>300,000</i>

These directors have received three other issues of shares under the Plan. In 1997, 2002 and 2011 the members approved the issue of 150,000 shares each to David Mellor and Bruce Saxild on each occasion.

The Plan was approved at an annual general meeting of shareholders on 24 November 1997 and is open to full time and part-time employees and executive directors of the Company who have been an employee or director for at least two (2) years.

Regulatory Requirements

Part 2E.1 of the Corporations Law

Part 2E.1 of the Corporations Law prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) shareholder approval is obtained prior to the giving of the financial benefit.

For the purposes of Part 2E.1, each director of the Company is considered to be a related party of the Company.

The proposed issue of shares and grant of a loan to the Recipient Directors involves the provision of a financial benefit to related parties of the Company and, therefore, requires prior shareholder approval.

In accordance with the requirements of Part 2E.1, and in particular, section 219 of the Corporations Law, the following information is provided to shareholders to allow them to assess the proposed issue of shares and grant of a loan to the Recipient Directors:

- (a) The Recipient Directors are each related parties of the Company to whom the proposed resolution would permit the financial benefits to be given;
- (b) the nature of the financial benefit to be given to the Recipient Directors is the issue of up to 150,000 shares in the Company to each Recipient Director and the grant of an interest-free loan equivalent to the issue price of the shares to finance the acquisition of those shares;
- (c) the Non-Recipient Directors support the passing of the resolution as they consider it to be in the Company's best interests to offer an incentive or reward to the Recipient Directors;
- (d) none of the Non-Recipient Directors have an interest in the outcome of the resolution;
- (e) none of the Recipient Directors wish to make a recommendation to shareholders about the proposed resolution because each has an interest in the outcome of the resolution;
- (f) the respective interest of each Recipient Director arises because each is a proposed recipient of up to 150,000 fully paid ordinary shares in the capital of the Company pursuant to the Plan and the recipient of a loan to finance the acquisition of those shares;
- (g) the issue price of the shares will be the weighted average of the last sale price of the Company's shares on Australian Securities Exchange Limited ("ASX") for 30 trading days the day prior to the day on which invitations to the Recipient Directors pursuant to the plan are issued. Each of the directors listed above will be offered under the terms of the Plan an interest-free loan equal to the issue price of the shares to finance the acquisition of the shares;
- (h) the directors of the Company are not aware of any other information that would be reasonably required by shareholders to make a decision whether it is in the best interests of the Company to pass the resolution other than as follows:
 - (i) the Recipient Directors currently hold 150,000 outstanding shares granted pursuant to the 2011 issue;
 - (ii) if the issue of shares to the Recipient Directors occurs in accordance with resolution 4, the total number of shares issued to the Recipient Directors under that resolution will be 300,000 with the effect that the shareholding of existing shareholders will be diluted. The total effect of this dilution will be 0.45 of one percent. David Mellor currently holds 522,080 shares directly in the Company and 5,363,088 indirectly through related entities. Bruce Saxild currently holds 347,120 shares directly in the Company and 4,618,058 indirectly through related entities;
 - (iii) the loan offered to the Recipient Directors will be interest-free. The term of the loan is ten (10) years. The shares proposed to be issued to the Recipient Directors may not be transferred for two (2) years from the date of the allotment;
 - (iv) no fringe benefit liabilities or other taxation liabilities accrue to the Company as a result of the Company providing the interest-free loan to the Recipient Directors;
 - (v) the Non-Recipient Directors consider that the incentives to the Recipient Directors represented by the issue of shares and grant of loans to the Recipient Directors are a cost effective and efficient incentive for the Company when compared to other forms of incentive (eg, cash bonuses or increased remuneration). The current remuneration of the Recipient Directors is disclosed in the Company's

- (vi) the primary purpose of the issue of shares and grant of loans is not to raise capital but to provide incentive; and
- (vii) the loan to the Recipient Directors will be interest-free. The maximum number of shares that may be issued to the Recipient Directors is 300,000 shares. Accordingly, based on a share price of \$1.73 as published in The West Australian on the date of this Notice of Meeting, the maximum amount of the loan to the Recipient Directors would be \$259,500 each. If the Company were to make a loan of the same amount to independent third parties, then it would be entitled to a commercial rate of interest on the loan. Accordingly, by making the interest-free loan to the Recipient Directors, the Company is forgoing a commercial rate of return on the loan;
- (viii) If either of the Recipient Directors:
 - (a) dies or suffers a "permanent disablement" (defined in the rules of the Plan to be an illness or incapacity necessitating his or her permanent withdrawal from the work force, as accepted to the satisfaction of the board);
 - (b) becomes bankrupt;
 - (c) fails to pay any instalment due under a loan for a period of one (1) month after a reminder notice has been delivered to him or her;
 - (d) fails to repay the amount outstanding under the loan at the expiry of the term of the loan; or
 - (e) in the opinion of the board acts fraudulently or dishonestly or is in breach of his or her obligations to the Company,

the Company may sell the shares and after costs apply the sale proceeds to repay the outstanding amounts of the loan. If there is a shortfall between the loan amount still owing and the sale price, the Recipient Director will not be required to make good the shortfall. The Recipient Director will not be entitled to the surplus, if any, after the sale of the shares if the Company sells the shares prior to two (2) years after the shares were issued. If the Company sells the shares more than two (2) years after they were issued the Recipient Director may, at the absolute discretion of the directors, be entitled to the surplus, if any, after the sale of the shares;

- (ix) all dividends payable in respect of shares acquired with a loan from the Company must be applied to repaying the loan;
- (x) until such time as the loan is repaid the Company will have a lien over any shares which are subject to a loan and the Company may sell those shares in accordance with the terms of the Plan.
- (xi) the total number of shares traded in the 12 months to 30 September 2014 was 4,529,907 shares.

Listing Rule 10.15

For the purposes of Listing Rule 10.15, the following information is provided to shareholders:

- (a) David Mellor and Bruce Saxild are directors of the Company;
- (b) the maximum number of shares that may be acquired by all parties for whom approval

is required is 300,000;

- (c) the issue price of the shares will be the weighted average of last sale price of the Company's shares on Australian Stock Exchange Limited ("ASX") for 30 trading days the day prior to the day on which invitations to the executive directors pursuant to the plan are issued. Each of the directors listed above will be offered under the terms of the Plan an interest-free loan equal to the issue price of the shares to finance the acquisition of the shares;
- (d) the Plan was adopted at the Annual General Meeting on 24 November 1997 with the last share approval being 29 November 2011 when 150,000 shares were issued to each of David Mellor and Bruce Saxild in accordance with the Plan;
- (e) in accordance with the Plan, the Recipient Directors will be offered a loan equivalent to the issue price of the shares acquired by them. The loan will be interest-free and for a term of ten (10) years. The shares proposed to be issued to the Recipient Directors may not be transferred for two (2) years from the date of the allotment.

For information purposes, a summary of the relevant elements of the Plan is as follows:

1. Purpose of the Plan

The purpose of the Plan is to provide an incentive for full-time and part-time employees and executive directors by enabling them to participate in the future growth of the Company and, upon becoming shareholders, to participate in the Company's profits and development. The provision of this incentive is expected to result in future benefits to the shareholders and employees of the Company.

2. Invitations

The Plan will be open to full-time and part-time employees and executive directors of the Company or a related body corporate of the Company who have been an employee or director for at least two (2) years, or such lesser period as determined by the directors ("Eligible Employees").

Under the Plan, the directors at their discretion may offer ordinary fully paid shares in the Company ("Plan Shares") or options to acquire ordinary fully paid shares in the Company to Eligible Employees ("Invitation"). Any offer to a director must be first approved by shareholders.

The Invitation to an Eligible Employee may be renounced in favour of a "relative" (defined in the rules of the Plan to be the spouse, parent, grandparent, brother or sister, lineal descendant or adopted child of that person or his or her spouse) of an Eligible Employee, a body corporate in which the Eligible Employee holds and beneficially owns not less than 50% of the issued voting share capital, a trustee of a trust in which the Eligible Employee is a beneficiary or object or a trustee of a superannuation fund of which the Eligible Employee is a member ("Eligible Persons").

3. Number of Shares and/or Options Offered

The number of Plan Shares and/or options that will be offered to an Eligible Employee pursuant to an Invitation is entirely within the discretion of the directors.

Plan Shares have the same rights as other ordinary fully paid shares in the Company subject to restrictions on transfer which prohibit the sale of shares for two (2) years after the shares are issued and, where a loan made by the Company remains unpaid, until that loan is repaid.

At no time can the aggregate total number of shares issued under the Plan (including shares issued upon exercise of an option granted under the Plan), when aggregated with the number of shares which would be issued were each outstanding option granted

under the Plan exercised and the number of shares issued during the previous five (5) years pursuant to the Plan or any other employee share plan, exceed five percent (5%) of the issued shares of the Company.

4. Loan

The Company at the time of making an offer to purchase Plan Shares may also offer to provide an interest-free loan to assist with purchase of those shares. The granting of the loan will be subject to the Eligible Employee completing a loan application form and providing the Company with relevant information and the Company deciding in its discretion to grant the loan after reviewing all relevant information. If the Company decides not to grant the loan to the Eligible Employee, the Eligible Employee will be given seven (7) days within which to arrange alternative funding for the issue price for the shares. Unless otherwise specified in the offer document, the terms of the loan will be as follows:

- (a) the loan will be interest-free and for a term of 10 years;
- (b) if an Eligible Employee:
 - (i) dies or suffers a "permanent disablement" (defined in the rules of the Plan to be an illness or incapacity necessitating his or her permanent withdrawal from the work force, as accepted to the satisfaction of the board);
 - (ii) becomes bankrupt;
 - (iii) fails to pay any instalment due under a loan for a period of one (1) month after a reminder notice has been delivered to him or her;
 - (iv) fails to repay the amount outstanding under the loan at the expiry of the term of the loan; or
 - (v) in the opinion of the board acts fraudulently or dishonestly or is in breach of his or her obligations to the Company,

the Company may sell the shares and after costs apply the sale proceeds to repay the outstanding amounts of the loan. If there is a shortfall between the loan amount still owing and the sale price, the Eligible Employee will not be required to make good the shortfall. The Eligible Employee will not be entitled to the surplus, if any, after the sale of the shares if the Company sells the shares prior to two (2) years after the shares were issued. If the Company sells the shares more than two (2) years after they were issued the Eligible Employee may, at the absolute discretion of the directors, be entitled to the surplus, if any, after the sale of the shares;

- (c) all dividends payable in respect of shares acquired with a loan from the Company must be applied to repaying the loan;
- (d) until such time as the loan is repaid the Company will have a lien over any shares which are subject to a loan and the Company may sell those shares in accordance with the terms of the Plan.

While an offer to take up shares under the Plan will be at market value the incentive for Eligible Employees to accept the offer is the granting of an interest-free loan to fund all or part of the issue price.

5. Official Quotation of Shares

The Company will apply to ASX for official quotation of the Plan Shares within the time required by the ASX Listing Rules.

6. Restriction on Transfer

Plan Shares will not be transferable until the expiry of two (2) years commencing on the date those shares were issued. Further, where the Company issues Plan Shares and grants a loan in relation to the purchase of those shares, the shares may not be transferred until the loan is repaid in full.

7. Bonus Issues, Rights Issues and Capital Reconstruction

There are provisions in the rules which provide a method of adjustment of the number of options or the exercise price of the options to prevent a reduction of the number of shares to which the options relate in the event of bonus issues, rights issues or a capital reconstruction.

PROXY FORM

CTI LOGISTICS LIMITED ABN 69 008 778 925

Registered Office: 1 Drummond Place
West Perth, Western Australia 6005
Facsimile: (08) 9227 8000

The Secretary
CTI Logistics Limited
1 Drummond Place
WEST PERTH WA 6005

I/We

of

being a member/members of CTI Logistics Limited

hereby appoint

or failing him/her, the Chairman of the Meeting as my/our Proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at The Backlot, 21 Simpson Street, West Perth, Western Australia on Tuesday, 25 November 2014 at 5:00 pm and at any adjournment thereof.

If two Proxies are being appointed the proportion of my/our voting rights that each Proxy is appointed to represent is as set out above.

If you wish to direct your Proxy how to vote in respect of the proposed resolution, you should tick the appropriate box below. Otherwise your Proxy may vote as he/she thinks fit **(subject to the provisions of the Notice of Meeting and the voting restrictions contained therein)** or abstain from voting.

The 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 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the KMP, which includes the Chairman.

The Chairman of the Meeting intends to vote all undirected proxies in favour of all resolutions (including remuneration related matters): 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 1 by marking the appropriate box below.

ORDINARY RESOLUTIONS

	FOR	AGAINST	ABSTAIN
1. To adopt the remuneration report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Mr Bruce Edmond Saxild as a director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr David Anderson Mellor as a director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. To approve the issue of up to 300,000 ordinary shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signed this..... day of

Signature of member(s)

- NOTE:**
- * A member of the Company entitled to attend and vote is entitled to appoint not more than two Proxies to attend the Annual General Meeting and vote on his/her behalf. Where more than one Proxy is appointed, each Proxy must be appointed to represent a specified proportion of the member's voting rights. If the appointments do not specify the proportion of votes that each Proxy may exercise, each Proxy may exercise half the votes (fractions disregarded). A Proxy need not be a member of the Company.
 - * To be effective, the Proxy Form must be properly completed and signed by the member or his attorney duly authorised in writing or, if the member is a body corporate, either in any manner permitted by the Corporations Law or under the hand of an officer or attorney duly authorised in writing by the member.
 - * The Proxy Form and any Power of Attorney under which it is signed or a notarially certified copy thereof, or a facsimile transmission copy thereof must be received by the Company at its registered office not less than 48 hours before the time of the Annual General Meeting.
 - * Proxies lodged in favour of the Chairman which do not contain a direction on how to vote will be exercised by the Chairman in favour of the resolutions (subject to the provisions of the Notice of Meeting and the voting restrictions contained therein).
 - * The directors have determined in accordance with Regulation 7.11.37 of the Corporation Regulations 2001 that, for the purposes of attending and voting at the meeting, shares will be taken to be held by the registered holders at 5pm (WST) on Sunday, 23 November 2014.