



WAVENET INTERNATIONAL LIMITED

ACN 087 139 428

NOTICE OF ANNUAL GENERAL MEETING EXPLANATORY STATEMENT AND PROXY FORM

TIME: 11:30 am (WST)

DATE: 30 November 2017

PLACE: Albion Hotel
535 Stirling Highway Cottesloe 6011

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on 0421892256.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held on 30 November 2017 at the Albion Hotel, 535 Stirling Highway, Cottesloe, Western Australia at 11.30am (WST).

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

VOTING BY PROXY

To be valid, your proxy form (and any power of attorney under which it is signed) must be received at an address given below by 11.00am (WST) on 28 November 2017. Any proxy form received after that time will not be valid for the scheduled meeting.

By mail Share Registry – Computershare Investor Services Pty Limited, GPO Box 242,
 Melbourne Victoria 3001, Australia

By fax 1800 783 447 (within Australia)
 +61 3 9473 2555 (outside Australia)

Custodian voting For Intermediary Online subscribers only (custodians) please visit
 www.intermediaryonline.com to submit your voting intentions

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders will be held at 11.30am (WST) on 30 November 2017 at Albion Hotel, 535 Stirling Highway, Cottesloe, Western Australia.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders of the Company at 11.00am (WST) on 28 November 2017.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

1. ANNUAL REPORT

To receive and consider the financial report of the Company together with the reports of the directors and the auditor for the financial year ended 30 June 2017.

2. RESOLUTION 1 – ADOPTION OF THE REMUNERATION REPORT

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

“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the financial year ended 30 June 2017 be adopted.”

Short Explanation: The Remuneration Report is in the Directors' Report section of the Company's Annual Report. Listed companies are required to put the Remuneration Report to the vote for adoption at the Company's Annual General Meeting. The vote on this resolution is advisory only and does not bind the Directors or the Company.

At the date of this notice a total of \$78,375 shown as accrued cash salaries and fees in the remuneration report remains unpaid.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by or on behalf of any of the following persons:

- (a) a member of the key management personnel, details of whose remuneration are included in the Remuneration Report;
- (b) a Closely Related Party of such a member.

However, any of those persons may cast a vote on the Resolution if:

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

If you appoint the Chairman of the Meeting as your proxy, the Company encourages you to direct the Chairman how to vote on this advisory Resolution. The Chairman, as one of the Key Management Personnel of the Company, is not permitted to cast any votes in respect of this advisory Resolution that arise from undirected proxies held unless the proxy expressly authorises the Chairman to do so.

3. RESOLUTION 2 – RE-ELECTION OF MR GREGG CHRISTOPHER FREEMANTLE AS A DIRECTOR

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

“That, Mr Gregg Freemantle, a Director retiring in accordance with clause 11.3 of the Constitution and, being eligible, offers himself for re-election, be elected as a Director of the Company”.

4. RESOLUTION 3 – APPROVAL FOR ADDITIONAL 10% PLACEMENT CAPACITY

To consider and if thought fit, to pass, with or without amendment, the following Resolution as a **special resolution**:

“That, for the purpose of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totaling up to 10% of the Shares on issue (at the time of the issue), calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

DATED: 25 October 2017



**EDWARD STROUD
CHAIRMAN**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at 11.30 am (WST) on 30 November 2017 at Albion Hotel, 535 Stirling Highway, Cottesloe, Western Australia.

The purpose of this Explanatory Statement is to provide information which the directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

1. ANNUAL REPORT

Section 317 of the Corporations Act requires the reports of the directors and of the auditors and the Annual Report, including the financial statements to be put before the Annual General Meeting and the Constitution provides for those reports and statements to be received and considered at the Annual General Meeting. Neither the Corporations Act nor the Constitution requires a vote of Shareholders at the Annual General Meeting on the reports or statements. However, Shareholders will be given the opportunity to raise questions on the reports and the statements at the Annual General Meeting.

The Company's 2017 Annual Report is available at www.wal.net.au/investors Those shareholders that elected to receive a printed copy of the Annual Report will have received a copy with this Notice of Annual General Meeting.

2. RESOLUTION 1 – ADOPTION OF THE REMUNERATION REPORT

The Remuneration Report is in the Directors Report section of the Company's Annual Report.

Section 250R(2) of the Corporations Act requires companies to put a resolution to their members that the Remuneration Report be adopted. The vote on this resolution is advisory only, however, and does not bind the Board or the Company. The Board will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies.

The Chairman will give Shareholders a reasonable opportunity to ask questions about or to make comments on the Remuneration Report.

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 AGMs, Shareholders will be required to vote at the second of those AGMs on a resolution that a further meeting is held at which all of the Company's Directors (other than the Managing Director) must go up for re-election. Voting on this resolution will be determined by a poll at the meeting rather than a show of hands.

Undirected proxies

The Chairman intends to exercise all undirected proxies in favour of Resolution 1. If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, the Shareholder is considered to have provided the Chairman with an express authorisation to vote the proxy in accordance with the Chairman's intention.

Any undirected proxies held by any other key management personnel or any of their closely related parties will not be voted on this resolution.

Key management personnel of the Company has the same meaning as set out in the accounting standards and includes the Directors of the Company and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's key management personnel for the financial year to 30 June 2017. Their closely related parties are defined in the Corporations Act, and include certain members of their family, dependents and companies they control.

3. RESOLUTION 2 – RE-ELECTION OF MR GREGG CHRISTOPHER FREEMANTLE AS A DIRECTOR

Clause 11.3 of the Constitution requires that at the Company's annual general meeting in every year, one-third of the Directors for the time being or, if their number is not a multiple of 3, then rounded down to the nearest whole number, shall retire from office, provided always that no Director (except a managing director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

A Director who retires by rotation under clause 11.3 of the Constitution is eligible for re-election. Mr Freemantle retires by rotation at the Meeting and, being eligible, seeks re-election.

Accordingly, Resolution 2 seeks shareholder approval for the re-election of Mr Freemantle.

Background and qualifications

Mr Freemantle was appointed as a Director in July 2012. He has over 20 years' experience in the resources sector, both in Australia and in Africa. His expertise includes crushing manager, construction supervisor, operations director, non-executive chairman, consultant and principal.

Directors' recommendation

The Directors support the re-election of Mr Freemantle as a Director and unanimously recommend Shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 – APPROVAL FOR ADDITIONAL 10% PLACEMENT CAPACITY

Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital over a period up to 12 months after the annual general meeting (**10% Placement Capacity**).

If Shareholders approve Resolution 3, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (as set out below).

The effect of Resolution 3 will be to allow the Directors to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

Resolution 3 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 9 for it to be passed.

Listing Rule 7.1A

Listing Rule 7.1A enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity. An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000,

(Eligible Entity).

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of less than \$300,000,000.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has one class of quoted Equity Securities on issue, being Shares (ASX code: WAL). The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated as at the date of issue of the Equity Securities according to the formula **(A x D) – E**, where:

- A** is the number of Shares on issue 12 months before the date of issue or agreement
 - plus** the number of Shares issued in the previous 12 months under an exception in Listing Rule 7.2;
 - plus** the number of partly paid shares that became fully paid in the previous 12 months;
 - plus** the number of Shares issued in the previous 12 months with approval of holders of Shares under Listing Rule 7.1 and 7.4. This does not include an issue under the entity's 15% placement capacity without shareholder approval; and
 - less** the number of Shares cancelled in the previous 12 months.

(Note that "A" has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.)

- D** is 10%.

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

Technical information required by Listing Rule 7.1A

Pursuant to and in accordance with Listing Rule 7.3A, the information below is provided in relation to this Resolution 3:

- (a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which

trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in Section 3.3(a)(i), the date on which the Equity Securities are issued.

(b) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking).

or such longer period if allowed by ASX.

(c) Risk of voting dilution

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

If Resolution 3 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the economic and dilution effect that an issue of the 10% Placement Capacity will have on existing Shareholders, calculated in accordance with the formula outlined in Listing Rule 7.1A(2):

- (i) on the basis of the current market price of Shares and the current number of Shares on issue as at the date of this Notice;
- (ii) two examples where the number of ordinary securities on issue (variable "A" in the formula) has increased by 50% and 100%. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rules 7.1 that are approved at a future Shareholders' meeting; and
- (iii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.003 (50% decrease in Issue Price)	\$0.006 (Current Issue Price)	\$0.012 (100% Increase in Issue Price)
Current Variable A 110,955,320 Shares	Shares issued	11,095,532	11,095,532	11,095,532
	Funds raised	\$33,287	\$66,573	\$133,146
50% increase in Variable A 166,432,980 Shares	Shares issued	16,643,298	16,643,298	16,643,298
	Funds raised	\$49,930	\$99,860	\$199,720
100% increase in Variable A 221,910,640 Shares	Shares issued	22,191,064	22,191,064	22,191,064
	Funds raised	\$66,573	\$133,146	\$266,293

The table above uses the following assumptions:

1. The current shares on issue are the Shares on issue as at 25 October 2017.
2. The current issue price set out above is the closing price of the Shares on the ASX on 24 October 2017.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares.
5. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under Listing Rule 7.1.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.

Shareholders should note that there is a risk that:

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

(d) Purpose of issue under 10% Placement Capacity

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use any funds raised towards the acquisition of new assets and investments and for general working capital; or

- (ii) as non-cash consideration for the acquisition of new assets and investments, in such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

(e) Allocation under the 10% Placement Capacity

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Capacity. The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new energy assets or investments, it is likely that the recipients under the 10% Placement Capacity will be the vendors of the new energy assets or investments.

(f) Previous approval under Listing Rule 7.1A

The Company has not previously sought approval under Listing Rule 7.1A.

Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 3.

Directors' recommendation

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

GLOSSARY

\$ means Australian dollars.

Annual General Meeting means the meeting convened by the Notice of Meeting.

ASX means ASX Limited.

Board means the current board of Directors of the Company.

Closely Related Party has the meaning given to it in section 9 of the Corporations Act.

Company means Wavenet International Limited (ACN 087 139 428).

Constitution means the Company's Constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current Directors of the Company.

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

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those 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.

Listing Rules means the listing rules of ASX.

Notice of Meeting or **Notice of Annual General Meeting** means this notice of annual general meeting including the explanatory statement.

Remuneration Report means the remuneration report in the Directors' Report section of the Company's Annual Report.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.
