



AUCTUS ALTERNATIVE INVESTMENTS LIMITED
ABN 76 149 278 759

Notice of Annual General Meeting

Explanatory Statement and Proxy Form

Date of Meeting:
Thursday, 29 November 2018

Time of Meeting:
11.00am (AEDT)

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

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

AUCTUS ALTERNATIVE INVESTMENTS LIMITED

ABN 76 149 278 759

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of shareholders of Auctus Alternative Investments Limited (the "Company") will be held at Level 7, 90 Collins Street, Melbourne Victoria, 3000 at 11.00am (AEDT) on Thursday, 29 November 2018 ("Annual General Meeting" or "Meeting").

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.

ORDINARY BUSINESS

Receipt and Consideration of Accounts & Reports

To receive and consider the financial report of the Company and the related reports of the Directors (including the Remuneration Report) and auditors for the year ended 30 June 2018.

Note: Except for as set out in Resolution 1, there is no requirement for Shareholders to approve these reports. Accordingly, no Resolution will be put to Shareholders on this item of business.

Resolution 1: Adoption of Remuneration Report

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

"That for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report (included in the Directors' Report) for the financial year ended 30 June 2018 be adopted."

Resolution 2: Re-election of Mr Michael Hynes as a Director of the Company

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

"That Mr Michael Hynes, who retires by rotation pursuant to the Constitution of the Company and, being eligible, offers himself for re-election, be re-elected as a Director of the Company."

Resolution 3: Election of Mr Bradley C. Harrison as a Director of the Company

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

"That Mr Bradley C. Harrison, having been appointed a Director during the year, vacates office in accordance with the Constitution of the Company and, being eligible, offers himself for election as a Director of the Company."

Resolution 4: 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 6,200,000 fully paid ordinary shares in the Company at an issue price of \$0.045 (4.5 cents) per Share as described in the Explanatory Statement accompanying this Notice."

Resolution 5: Approval to Issue Options

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

"That, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 3,100,000 free-attaching Options in the Company with an exercise price of \$0.10 (10 cents), expiring 3 years from the issue date and which, upon exercise, entitle the holder to one fully paid ordinary share in the Company as described in the Explanatory Statement accompanying this Notice."

Resolution 6: Adoption of Incentive Option & Performance Rights Plan

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

"That, for the purpose of Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given to adopt an employee incentive scheme, being the Company's Incentive Option & Performance Rights Plan, on the terms and conditions summarised in the Explanatory Statement accompanying this Notice."

Resolution 7: Issue of Performance Share Rights – Mr Campbell McComb

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

"That for the purposes of Listing Rule 10.14 and for all other purposes, approval be given to grant up to 12,500,000 Performance Rights (being a right to acquire up to 12,500,000 fully paid ordinary shares in the Company subject to satisfaction of relevant performance conditions) for no consideration to Mr Campbell McComb (a Director of the Company), or his nominee, as described in the Explanatory Statement accompanying this Notice."

Resolution 8: Issue of Performance Share Rights – Mr Michael Hynes

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

"That for the purposes of Listing Rule 10.14 and for all other purposes, approval be given to grant up to 12,500,000 Performance Rights (being a right to acquire up to 12,500,000 fully paid ordinary shares in the Company subject to satisfaction of relevant performance conditions) for no consideration to Mr Michael Hynes (a Director of the Company), or his nominee, as described in the Explanatory Statement accompanying this Notice."

Resolution 9: Consolidation of Shares

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

"That in accordance with Section 254H of the Corporations Act 2001 (Cth), Listing Rule 7.20 and for all other purposes, approval be given for the consolidation of every ten (10) fully paid ordinary shares (Shares) on issue into one (1) Share, with any resulting fractions of Shares rounded up to the next whole number of Shares, on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

Resolution 10: Approval of Potential Termination Benefits

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

"That, for the purposes of Sections 200B and 200E of the Corporations Act 2001 (Cth), Listing Rule 10.19 and for all other purposes, approval be given for the giving of benefits by the Company or any of its related bodies corporate to current or future individuals who hold a managerial or executive office in the Company or a related body corporate, in connection with that person ceasing to be a Director or ceasing to hold a managerial or executive office in the Company or a related body corporate, as set out in the Explanatory Statement accompanying this Notice."

SPECIAL BUSINESS

Resolution 11: Approval of 10% Placement Facility

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

"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (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 in the Explanatory Statement accompanying this Notice."

DATED 25 October 2018

By order of the Board



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 Annual 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 Annual General Meeting. Only those persons will be entitled to vote at the Annual General Meeting and transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.
3. **Proxies**
 - a. Votes at the Annual 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 Annual General Meeting, this is no later than 11.00am (AEDT) on Tuesday, 27 November 2018. 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

The Company will disregard any votes cast on this Resolution (in any capacity) by or on behalf of a member of the Key Management Personnel (being those persons described as such in the Remuneration Report) or a closely related party of such a member unless the vote cast as proxy for a person entitled to vote:

- in accordance with a direction on the Proxy Form; or
- by the Chairman of the Meeting as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit.

Accordingly, if you intend to appoint a member of Key Management Personnel as your proxy, please ensure that you direct them how to vote. If you intend to appoint the Chairman of the Meeting as your proxy, you can direct him to vote by marking the box for Resolution 1. By marking the Chairman's box on the Proxy Form, you acknowledge that the Chairman of the Meeting will vote in favour of this item of business as your proxy.

Resolution 2, 3 and 9

There are no voting exclusions on these Resolutions.

Resolutions 4

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

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

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

Resolution 5

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

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

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

Resolution 6

The Company will disregard any votes cast in favour of this Resolution by:

- any Director (other than a Director who is ineligible to participate in any employee incentive scheme in relation to the Company); and
- any of their associates.

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

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

Resolutions 7 and 8

The Company will disregard any votes cast in favour of each Resolution by Mr McComb and Mr Hynes or their associates.

In addition, the Corporations Act provides that a member of the Company's Key Management Personnel as disclosed in the Remuneration Report (which includes the Directors and the Chairman) or a closely related party of that Key Management Personnel, cannot cast a vote on either Resolution (in any capacity).

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

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

If you appoint the Chairman as your proxy and you do not direct the Chairman how to vote, you will be expressly authorising the Chairman of the Meeting to exercise the proxy even if the relevant resolution is connected directly or indirectly with the remuneration of a Key Management Personnel for the Company's consolidated entity.

Resolution 10

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any officer of the Company or any of its child entities who is entitled to participate in a termination benefit, or an associate of such person, or by any Key Management Personnel or a closely related party of Key Management Personnel as a proxy (except as set out below).

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

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

If you appoint the Chairman as your proxy and you do not direct the Chairman how to vote, you will be expressly authorising the Chairman to exercise the proxy even if the relevant resolution is connected directly or indirectly with the remuneration of a Key Management Personnel for the Company.

Resolution 11

The Company will disregard any votes cast in favour of this Resolution by any person who may participate in the proposed issue or any person who might obtain a material benefit, except a benefit solely in the capacity of a holder of ordinary shares, and any associate of such person.

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

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

7. Enquiries

Shareholders are invited to contact the Company Secretary, Justin Mouchacca on (03) 8610 4000 if they have any queries in respect of the matters set out in these documents.

EXPLANATORY STATEMENT

Receipt and Consideration of Accounts & Reports

A copy of the Annual Report for the financial year ending 30 June 2018 (which incorporates the Company's financial report, reports of the Directors (including the Remuneration Report and the Auditors Report) is not enclosed as there is no longer a requirement for the Company to incur the printing and distribution cost associated with doing so for all shareholders. You may obtain a copy free of charge in hard copy form by contacting the Company by phone at (03) 8610 4000, and you may request that this occurs on a standing basis for future years. Alternatively, you may access the Annual Report at the Company's website: <http://auctusinvest.com> or via the Company's announcement platform on ASX. Except as set out in Resolution 1, no resolution is required on these reports.

Resolution 1: Adoption of Remuneration Report

Background

Section 250R(2) of the Corporations Act requires that a non-binding resolution to adopt the Remuneration Report must be put to the vote at the Annual General Meeting. The vote on this Resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report is set out in the Directors' Report in the Company's 2018 Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company.

In accordance with Section 250SA of the Corporations Act 2001, Shareholders will be provided with a reasonable opportunity to ask questions concerning, or make comments on, the remuneration report at the Annual General Meeting.

The Corporations Act requires the Company to put a resolution to Shareholders that, in accordance with Division 9 of Part 2G.2 of the Corporations Act, if twenty five (25%) per cent or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive Annual General Meetings, Shareholders will be required to vote at the second of those Annual General Meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director) must go up for re-election.

It is noted that at the Company's 2017 Annual General Meeting, the votes cast against the remuneration report represented less than twenty five (25%) per cent of the total votes cast and accordingly, a spill resolution will not under any circumstances be required for this Annual General Meeting.

Board Recommendation

The Board encourages all eligible Shareholders to cast their votes in favour of Resolution 1. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 1.

Resolution 2: Re-election of Mr Michael Hynes as a Director of the Company

Background

The Constitution of the Company requires that at every Annual General Meeting, one-third or the closest number to one-third of the directors shall retire by rotation from office and provides that such Directors are eligible for re-election at that Annual General Meeting. Mr Michael Hynes, who retired by rotation in accordance with the Constitution and, being eligible, offers himself for re-election.

Mr Hynes is a finance and business executive with more than 30 years' experience in Capital markets including as Head of Australian Equity Sales at both Citigroup and previously Credit Suisse in Singapore, focussed on regional account leadership responsibilities. He is a leader in Investment Banking, Venture Capital, Private Equity and Corporate Finance across APAC and is recognised for building trusted, long standing partnerships. He achieves this through a commitment to delivering authentic, best practice advisory and consulting services to help his clients grow their businesses.

Mr Hynes is an Executive Director of Red Hill Capital Partners.

Board Recommendation

The Board (with Mr Hynes abstaining), recommends that Shareholders vote in favour of Resolution 2. The Chairman of the Meeting intends to vote undirected proxies in favour of Mr Hynes's election.

Resolution 3: Election of Mr Bradley C. Harrison as a Director of the Company

Background

Mr Bradley C. Harrison was appointed as a Non-Executive Director on 19 October 2018 to fill a casual vacancy and is eligible for election, in accordance with the Company's Constitution.

Mr Harrison is an entrepreneur and seasoned business development executive with a passion for technology, media, entertainment and lifestyle. He was recently named by Forbes as one of the top 50 Angel Investors Based On Investment Volume And Successful Exits. Mr Harrison has a great deal of experience launching new ventures. While attending MIT, he worked as a Partner in a seed stage venture fund, ITU Ventures, and helped launch a joint MIT-Harvard incubator. During this experience, he has worked at the earliest stages with many dynamic companies including Endeca Technologies.

While serving as Director of Media Strategy and Development at AOL, Mr Harrison co-authored 3 patents in search, geo-tagging, and personalization, with Edmund Fish, Senior Vice President and General Manager at AOL. Following AOL, he helped raise \$40M in venture funding for a contextual online advertising network. Prior to launching his business career, Mr Harrison was a graduate of the United States Military Academy at West Point and served in the United States Army for five years, earning both Airborne and Ranger qualifications before retiring as Captain.

Board Recommendation

The Board (with Mr Harrison abstaining), recommends that Shareholders vote in favour of Resolution 3. The Chairman of the Meeting intends to vote undirected proxies in favour of Mr Harrison's election.

Resolution 4: Ratification of Prior Issue of Shares

Resolution 4 seeks Shareholder ratification pursuant to Listing Rule 7.4 of the prior issue of 6,200,000 Shares on 26 September 2018 at an issue price of \$0.045 (4.5 cents) (**Placement Shares**). An Appendix 3B was released on that date. The Shares were issued to domestic and offshore family offices, high net worth and sophisticated investors, each of whom has been identified by the Company. Each recipient of Shares the subject of Resolution 4 was a sophisticated or professional investor or otherwise exempt from the disclosure requirements of Chapter 6D of the Corporations Act 2001 (Cth).

The Shares the subject of Resolution 4 were issued without Shareholder approval using the Company's existing 15% placement capacity under Listing Rule 7.1.

By ratifying the issue of the Placement Shares, the Company's ability to issue securities within the 15% placement capacity under Listing Rule 7.1 during the next 12 months without obtaining prior Shareholder approval will be restored.

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

Listing Rule 7.4 provides that a company may reinstate its capacity to issue up to 15% of the ordinary securities on issue in a 12-month period if Shareholders ratify the previous issue of securities and the issue did not breach Listing Rule 7.1. Accordingly, Resolution 4 seeks Shareholder approval for the ratification of the prior issue of 6,200,000 Shares pursuant to Listing Rule 7.4.

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

- (a) The total number Shares that were issued is 6,200,000;
- (b) The Shares were issued at a price of \$0.045 per Share;
- (c) The Shares allotted and issued were fully paid ordinary shares of the Company with the same terms as, and ranking equally with, the existing Shares on issue;

- (d) The Shares were allotted and issued to domestic and offshore family offices, high net worth and sophisticated investors, each of whom has been identified by the Company. Each recipient of Shares the subject of Resolution 4 was a sophisticated or professional investor or otherwise exempt from the disclosure requirements of Chapter 6D of the Corporations Act 2001 (Cth). None of the recipients of Shares were related parties of the Company;
- (e) The funds raised will be used for growth capital for Gophr, the purchase of an economic interest in Scout Venture Fund III, L.P, investigating other investment opportunities and otherwise for ongoing working capital requirements; and
- (f) A voting exclusion statement is included in the Notice accompanying this Explanatory Statement.

Board Recommendation

The Board believes that Resolution 4 is in the best interests of the Company and unanimously recommends that Shareholders vote in favour of this Resolution. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 4.

Resolution 5: Approval for Issue of Options

The Company is seeking Shareholder approval pursuant to Listing Rule 7.1 to issue 3,100,000 free-attaching Options to professional and sophisticated investors who subscribed for and were issued shares the subject of Resolution 4. Each free-attaching option will be exercisable at \$0.10 (10 cents), expiring 3 years from the issue date and will, upon exercise, entitle the holder to one fully paid ordinary share in the Company.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any twelve-month period any equity securities, or other securities with rights of conversion to equity (such as Options) if the number of those securities exceeds 15% of the share capital on issue at the commencement of that twelve-month period. One circumstance where an issue is not taken into account in the calculation of this 15% threshold is where the issue has the prior approval of shareholders in a general meeting.

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

- (a) The total number of free-attaching Options to be issued is 3,100,000;
- (b) The recipients of the Options will be domestic and offshore family offices, high net worth and sophisticated investors, each of whom has been identified by the Company and participated in the Placement Share issue the subject of Resolution 4. Each recipient of Options will be a sophisticated or professional investor or otherwise exempt from the disclosure requirements of Chapter 6D of the Corporations Act 2001 (Cth). No related parties of the Company will be issued Options;
- (c) Each option will be exercisable at \$0.10 (10 cents), expire 3 years from the issue date and will, upon exercise, entitle the holder to one fully paid ordinary share in the Company. Full terms of the Options (excluding the exercise price and expiry date) are otherwise as set out in Appendix 1;
- (d) The Options will be allotted progressively but, in any event, no later than three months after the date of this Meeting;
- (e) As the Options will be issued as free-attaching Options to shares and therefore not have an issue price, there will be no funds raised from the issue however any funds raised upon exercise of Options will be applied to the working capital requirements of the Company at the time of exercise;
- (f) a voting exclusion statement is contained in the Notice accompanying this Explanatory Statement.

Board Recommendation

The Board believes that Resolution 5 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 5.

Resolution 6: Approval of Incentive Option & Performance Rights Plan

Background

The Company is seeking Shareholder approval for the adoption of an employee incentive scheme titled “Incentive Option & Performance Rights Plan” (“Incentive Plan”) in accordance with Listing Rule 7.2 (Exception 9(b)). The Incentive Plan proposes enabling Eligible Participants (as defined in the Incentive Plan) to receive Options and Performance Rights.

The objective of the Incentive Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Incentive Plan and the future provision of Awards under the Incentive Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities of the company on issue at the commencement of that 12 month period.

Listing Rule 7.2 (Exception 9(b)) sets out an exception to Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme.

If Resolution 6 is passed, the Company will be able to provide Options and Performance Rights (together, “Awards”) under the Incentive Plan to eligible participants over a period of 3 years without impacting on the Company’s ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

Listing Rule 10.14 provides an entity must not permit a director or an associate of a director to acquire securities under an employee incentive scheme, such as the Incentive Plan, without the prior approval of shareholders.

Shareholders should note that no Options or Performance Rights have previously been provided under the Incentive Plan. Resolutions 7 and 8 of this Notice seek approval for Awards under the Incentive Plan to Mr Campbell McComb and Mr Michael Hynes, each a Director of the Company. The Company may in future issue further Awards under the Incentive Plan, however the issues for which approval is sought in this Notice are the only immediate issues proposed under the Incentive Plan.

Any future provision of Awards under the Incentive Plan to a Director, an associate of a Director or a person whose relationship with the company or the Director or associate of the Director is, in ASX’s opinion, such that approval should be obtained will require additional Shareholder approval under Listing Rule 10.14 at the relevant time.

A summary of the key terms and conditions of the Incentive Plan is set out in Appendix 2. In addition, a copy of the Incentive Plan can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

Resolutions 7 and 8: Issue of Performance Rights – Mr Campbell McComb & Mr Michael Hynes

Background

The Company intends to grant 12,500,000 Performance Rights each to Mr Campbell McComb and Mr Michael Hynes (or their respective nominees) (aggregate 25,000,000 Performance Rights). The Performance Rights are to be issued under the Company’s Incentive Plan (refer Resolution 6).

Shareholder approval is required for the grant of the Performance Rights to Mr McComb and Mr Hynes under Listing Rule 10.14 because they are Directors of the Company. As Shareholder approval is sought under Listing Rule 10.14, approval under Listing Rule 7.1 is not required. Accordingly, the issue of Performance Rights to Mr McComb and Mr Hynes will not reduce the Company’s 15% capacity for the purposes of Listing Rule 7.1.

Conditions and Hurdles for Performance Rights

The terms of the 12,500,000 proposed to be issued to each of Mr McComb and Mr Hynes are set out below:

Performance Rights	
Final Vesting Date:	30 June 2021
Vesting Conditions:	The vesting of any of the Performance Rights is dependent on each of the Directors meeting the Service and Performance Conditions. Collectively these conditions are known as the Vesting Conditions .
Service Condition:	Continuous employment by each of the Directors in their current position (or equivalent) from Grant Date to Vesting Date. Subject to the Plan Rules, Performance Rights will generally lapse on resignation or dismissal. For the avoidance of doubt, retirement by a Director at a general meeting in accordance with the rotation requirements of the Company's Constitution will not constitute a break in the relevant Director's continuous employment where he is re-appointed at the same general meeting.
Performance Condition:	The Performance Rights will vest upon the following Performance Conditions being achieved: <ul style="list-style-type: none"> - 6,250,000 Performance Rights if funds held in managed investment trusts or similar entities which are managed by the AVC group or held funds in respect of the AVC group as investment manager (Funds Under Management or Advice) exceeds \$50 million on or before 30 June 2020; and - 6,250,000 Performance Rights if funds held in managed investment trusts or similar entities which are managed by the AVC group or held funds in respect of the AVC group as investment manager (Funds Under Management or Advice) exceeds \$100 million on or before 30 June 2021.

Any Performance Rights which have not vested prior to the final date for satisfaction of the relevant Performance Condition applicable to that Performance Right(s) will immediately lapse unless the Board decide exceptional circumstances justify the reduction or waiver in whole or in part of the Vesting Conditions.

If Resolutions 7 and 8 are approved, and assuming that Resolution 9 is approved and the Company conducts a consolidation of its capital then:

- If the Performance Rights are issued at the time of the consolidation, the number of Performance Rights will consolidate at the same ratio as the consolidation (i.e. an aggregate total of 2,500,000 Performance Rights will be issued to Mr Hynes and Mr McComb); or
- if the Performance Rights are not issued, the number of Performance Rights issued to Mr McComb and Mr Hynes will be reduced to reflect the consolidation ratio (i.e. an aggregate total of 2,500,000 Performance Rights will be issued to Mr Hynes and Mr McComb).

Other Information provided in accordance with Listing Rule 10.15A

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

- (a) The maximum number of Performance Rights to be granted to Mr McComb and Mr Hynes (or their respective nominees) is 12,500,000 Performance Rights each (aggregate of 25,000,000).
- (b) The Performance Rights will be granted with the vesting conditions and milestone dates set out above.
- (c) The Performance Rights will be granted for nil consideration. Upon vesting the Performance Rights will convert to Shares on a one for one basis on the same terms as the Company's existing Shares.
- (d) Under the Performance Rights Plan, only eligible employees or their nominees are entitled to participate in the Performance Rights Plan.
- (e) No Performance Rights have been granted under the Performance Rights Plan to date. Mr McComb and Mr Hynes are related parties of the Company by virtue of being Directors.
- (f) A voting exclusion statement is included in the Notice.
- (g) The Company will issue the Performance Rights 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 Listing Rules).

Board Recommendation

The Board (with Mr McComb and Mr Hynes abstaining from the resolutions concerning the issue of Performance Rights to themselves), recommends that Shareholders vote in favour of the issue of 12,500,000 Performance Rights each to Mr McComb and Mr Hynes. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolutions 7 and 8.

Resolution 9: Consolidation of Share Capital

Background

The Board considers that it is appropriate at this point in time to rationalise the number of Shares the Company will have on issue by consolidating the share capital of the Company on a ten (10) for one (1) basis. Fractional entitlements arising from the proposed consolidation will be rounded up.

The proposed Share consolidation will:

- (a) Ensure that each Shareholder's proportionate interest in the Company remains unchanged, subject to rounding up of fractional entitlements to the next whole number of Shares; and
- (b) Reduce the number of Shares from 260,990,468 to approximately 26,099,047 representing a 90% reduction in the number of Shares on issue thereby making the number of Shares on issue more manageable.

Key details for the share consolidation process, if approved by Shareholders, are:

- (a) The Share consolidation will take effect from Wednesday, 5 December 2018.
- (b) The Corporations Act and the Constitution allows a consolidation of share capital provided shareholders agree by ordinary resolution.
- (c) Where the consolidation results in a shareholder's account having an entitlement to a fraction of a share, that fraction will be rounded up to the nearest whole number of Shares.
- (d) The consolidation will not materially change the proportionate interest that each shareholder holds in the Company, because the consolidation ratio applies (subject to rounding) to all present Shares.
- (e) Current holding statements for Shares in the Company will be replaced by new holding statements showing the number of Shares held post the consolidation.
- (f) The options issued by the Company will, in accordance with their terms, be similarly consolidated in number on a ten (10) for one (1) basis with the relevant strike price for each option being increased by a factor of ten (10). This will result in the number of options on issue in the Company being reduced from approximately 65,150,000 to 6,510,000.
- (g) The Performance Rights referred to in Resolution 7 and 8 will, if issued, be similarly consolidated. If the performance rights referred to in Resolution 7 and 8 are approved but not issued a reduced number of performance rights will be issued to reflect the consolidation ratio (refer to the notes on Resolution 7 and 8 in this Explanatory Statement for further details).

As the Company is listed on ASX, the market price of Shares is of course impacted by a number of factors, meaning that, over time, the share price may increase or decrease, and Directors can give no guarantees concerning the Share price.

The indicative timetable for the share consolidation process is as follows.

Event	Indicative date
Meeting held, including Resolution to approve Share Consolidation	Thursday 29 November 2018
Company notifies ASX that Shareholders have approved the Share Consolidation	Thursday 29 November 2018
Last day for trading in pre-consolidated Shares	Friday 30 November 2018
Trading in the consolidated Shares on a deferred settlement basis starts	Monday 3 December 2018
Last day for Company to register Share transfers on a pre-consolidated basis	Tuesday 4 December 2018
First day for Company to register share transfers on a consolidated basis and first day for Company to issue holding statements for Shares on a consolidated basis	Wednesday 5 December 2018

Company announces to ASX that despatch of the new holding statements has occurred	Thursday 6 December 2018
Deferred settlement trading ends	Tuesday 11 December 2018
Normal T+2 trading in consolidated Shares starts	Wednesday 12 December 2018

Shareholders are advised to seek their own tax advice on the effect of the consolidation of Shares and the Directors and their advisers do not accept any responsibility for the individual taxation implications arising from the consolidation of Shares.

If the Company, in its absolute discretion, forms the view that a Shareholder has been party to any shareholding splitting or division to obtain an advantage from the rounding of fractional entitlements, then the Company may take appropriate action, including (without limitation) the disregarding of the splitting or division, for the purposes of dealing with fractional entitlements.

From the date of the consolidation, all holding statements for previously quoted securities will cease to have effect except as evidence of entitlement to a certain number of securities on a post-consolidation basis. It is the responsibility of each security holder to check the number of securities held prior to disposal.

Board Recommendation

The Board recommends that Shareholders vote in favour of Resolution 9. The Chairman of the Meeting intends to vote undirected proxies in favour of this Resolution.

Resolution 10: Approval of Potential Termination Benefits

Under section 200B of the Corporations Act, the Company must not give a person a benefit in connection with the person's retirement from an office, or position of employment, in a Company if:

- the office or position is a managerial or executive office; or
- the person has, at any time during the last three years before their retirement, held a managerial or executive office in a Company,

unless shareholder approval is obtained under section 200E of the Corporations Act for the giving of the benefit (or if a specified exception applies).

If a termination benefit is given in excess of what is permitted under the Corporations Act, a breach of the Corporations Act can occur even if the person receiving the benefit is entitled to the benefit under their contractual arrangements with a Company.

Having regard to the potentially wide application of the restriction under section 200B of the Corporations Act, the Board considers it to be appropriate and prudent to seek Shareholder approval under sections 200B and 200E of the Corporations Act, so that termination benefits may be paid or provided to relevant persons without breaching the Corporations Act.

In addition, Listing Rule 10.19 provides that, without the approval of shareholders, an entity must ensure that no officer of the entity or any of its child entities will be, or may be, entitled to termination benefits if the value of those benefits and the termination benefits that may become payable to all officers together exceed 5% of the equity interests of the entity as set out in the latest accounts given to ASX under the Listing Rules.

The Company is also seeking Shareholder approval for the purposes of Listing Rule 10.19.

Who does the approval relate to?

Shareholder approval is being sought in respect of any current or future Director or employee of the Company or any related body corporate who is a Relevant Executive on the day of his or her retirement from office or employment. For these purposes, retirement includes loss of, or resignation from, an office or position and death of a person on a day when they hold the office or position.

A person is a Relevant Executive on any day if:

- they hold a managerial or executive office on that day; or
- at any time during the three years prior to that day, they held a managerial or executive office in the Company or a related body corporate.

As at the date of this Explanatory Statement, the Relevant Executives include:

- each of the Key Management Personnel of the Company as disclosed in the Company's Remuneration Report; and

- any other person who holds a managerial or executive officer in the Company or its subsidiaries

These Directors receive fixed fees for their service and do not participate in any incentive or retirement plan. The only circumstances which they might receive a termination benefit of the type requiring shareholder approval relates to the payment of insured benefits by virtue of death or disability.

Resolution 10 seeks approval for the purposes of section 200E of the Corporations Act, for the persons who are Relevant Executives as at the date of this Explanatory Statement, and for any other current or future Director or employee who, at the time of his or her termination or at any time in the three years prior to that date, was a Key Management Personnel of the Company or held a managerial or executive office in the Company.

Shareholder approval will not result in any Relevant Executive immediately receiving any termination benefits that may be payable to them. Rather the approval seeks to preserve the flexibility and discretion of the Board to determine the most appropriate treatment on termination of any potential termination benefits payable in accordance with employment agreements, applicable incentive plan rules and Company policies, within the confines of this approval.

Approval of Resolution 10 will not constitute:

- approval of any change or increase in the remuneration arrangement of the Relevant Executive outside the Company's remuneration framework;
- approval of the provision of any new benefits to any specific Relevant Executive;
- approval of any variation of the existing discretion of the Board or its delegates under the remuneration arrangements set out in the Remuneration Report; or
- approval of any change to the employment arrangements, agreements or entitlements for any Relevant Executive.

Shareholder approval is also sought for the purposes of Listing Rule 10.19 in relation to the value of termination benefits (if any) exceeding 5% of the equity interests of the Company. As at 30 June 2018, 5% of the equity interests in the Company equated to \$39,070. Further details are set out below.

What is the Company seeking approval for?

Termination benefits are defined to include a range of payments or benefits in connection with a person ceasing to hold an office or position of employment, including termination payments and other benefits such as the acceleration or automatic vesting of share-based payments or entitlements at or due to retirement.

Certain benefits are excluded from the restrictions and include:

- certain types of 'deferred bonuses', including a bonus which is attributable to the release of a deferred bonus from a restriction due to death or incapacity;
- genuine superannuation contributions paid by an employer or employee on or after 24 November 2009;
- genuine accrued benefits, such as accrued untaken annual leave payable under an Australian law or the law of another country; and
- reasonable payments made in accordance with a policy that applies to all employees as a result of a genuine redundancy having regard to a person's length of service.

There is an exception to the prohibition of certain termination benefits where the value of all termination benefits provided in specified circumstances does not exceed the equivalent of one year's base salary (as calculated in accordance with the Act) of the Relevant Executive although this limit is lower if the Relevant Executive's period of service is less than one year.

The provision of any other benefit requires shareholder approval.

Shareholder approval is sought for the purposes of Section 200B and 200E of the Corporations Act for termination benefits that may be provided to Relevant Executives under the following agreements or plans:

- individual employment agreements or services contract (Employment Agreements);
- any Employee Incentive Plan (**EIP**) (including the Incentive Option & Performance Rights Plan proposed for adoption under Resolution 6);
- insurance policies; and
- other practices and policies described in Appendix 3.

Further information about potential termination benefits is set out in Appendix 3.

For the purposes of seeking approval under the Corporations Act, shareholders must be provided with:

- details of the amount or value of the payment or benefit; or

- where the amount or value cannot be determined at the time of the disclosure;
- the manner in which the amount or value of the benefit is to be calculated; and
- any matter, event or circumstance that will, or is likely to affect the calculation of the amount or value.

The Board's discretion to make a payment or give a benefit on termination is intended for circumstances of death, disability, bona fide redundancy, genuine retirement, or other limited exceptional circumstances where the Board considers it in the best interests of the Company to give the termination benefit.

Shareholder approval is also sought for the purposes of Listing Rule 10.19. The value of any termination benefit payable to a Relevant Executive depends on a number of factors, including the exercise of a discretion (for example, acceleration of vesting of securities) and the value of the Company's equity interests which vary over time. Accordingly, it is possible the provision of a termination benefit could exceed 5% of the equity interests of the Company at the relevant time of provision of the termination benefit.

What is the value of the potential termination benefit?

Under section 200E(2) of the Corporations Act, when seeking shareholder approval of a termination benefit shareholders must be given details of the amount or value of the proposed payment or benefit or if that amount or value cannot be ascertained at the time of disclosure, the manner in which that amount or value is to be calculated and any matter, event or circumstance that will, or is likely to, affect the calculation of that amount or value. This value is also relevant in determining whether the termination benefit exceeds the 5% equity interests threshold imposed by Listing Rule 10.19.

The amount and value of the termination benefits that may be provided to each Relevant Executive cannot be ascertained in advance. This is because various matters, events and circumstances (including the manner in which the individual retires from their role, the length of time they have been in their role and the exercise of discretions by the Board or committee of the Board), some of which are not within the Company's control, will or are likely to affect the calculation of the amount or value.

Appendix 4 sets out the manner in which the amount or value of the potential termination benefits is intended to be calculated, and the matters, events and circumstances that will affect the calculation of that amount or value.

Shareholder approval is being sought to allow the provision of all benefits under the Company's remuneration framework which may be defined as termination benefits for the purposes of the Corporations Act and which are set out in this Explanatory Statement. The Company's remuneration practices and arrangements could potentially result in a Relevant Executive receiving a benefit upon termination, cessation of employment or retirement from office with the Company.

Therefore, the amount and value of the benefits for which shareholder approval is being sought under Resolution 10 is the maximum amount or value of the benefit that could be provided to the Relevant Executive in connection with that person ceasing to hold an office, or position of employment, in the Company or a related body corporate.

Approval is sought for a three-year period?

If approval of Resolution 10 is obtained, it will be effective from the date of this Meeting until date which is three years from the date of the Meeting. This means that the approval will apply in respect of any termination of a Relevant Executive during that period. If considered appropriate, the Board will seek a new approval from Shareholders following expiration of the validity of the approval sought under Resolution 10.

Aspects of the Employment Agreements, EIP and other employment practices and policies may be varied from time to time by the Company in line with market practice, changing governance standards and needs of the Company and its subsidiaries. Where relevant, these changes will be reported in the Company's Remuneration Report. However, it is intended that the approval set out in Resolution 10 will remain valid despite such variation, as long as the termination benefits continue to be within the scope of benefits set out in this Explanatory Statement.

Effect of the approval

If Shareholder approval is given to Resolution 10, the Company will be able to provide termination benefits to Relevant Executives up to the maximum scope, amount and value described in this Explanatory Statement (including in Appendices 3 and 4). In particular, the Board (or relevant Board committee) will be able to exercise the discretions described in Appendix 4.

If approved by Shareholders, termination benefits as provided for in this Explanatory Statement may be given to current or future Relevant Executives, and under existing, varied or new arrangements.

Shareholder approval to Resolution 10 will also:

- enable the Company to remunerate Relevant Executives and generally operate a remuneration framework in a way that the Board considers is in the interests of the Company, within the scope set out in this Explanatory Statement (including, in particular, Appendices 2 and 3); and
- increase certainty for staff regarding their current and future remuneration arrangements.

If Resolution 10 is not passed, the ability of the Company to attract and retain high quality staff may be affected. This may also reduce the Company's ability to align the interests of staff and Shareholders.

Board Recommendation

The Board abstains in the interests of corporate governance, from making a recommendation in relation to this Resolution.

Resolution 11: Approval of 10% Placement Facility

Background

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the Annual General Meeting ("10% Placement Facility"). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (see below).

The Company continues actively seeking to enhance the value of its assets and new investments. Should the Company utilise the 10% Placement Facility, it intends to use the funds to either accelerate the work on its current projects, acquire new assets, or to meet additional working capital requirements.

Description of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an Annual General Meeting. This means it requires approval of 75% of the votes cast by shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative).

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has Fully Paid Ordinary Shares and Unlisted Options on issue.

(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an Annual General Meeting may issue or agree to issue, during the 12 month period after the date of the Annual General Meeting, a number of Equity Securities calculated in accordance with the following formula:

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

A is the number of shares on issue 12 months before the date of issue or agreement:

- (A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (B) plus the number of partly paid shares that became fully paid in the 12 months;

- (C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- (D) less the number of fully paid shares cancelled in the 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 the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) *Listing Rule 7.1 and Listing Rule 7.1A*

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2

(e) *Minimum Issue Price*

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 trading days 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 trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) *10% Placement Period*

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the Annual General Meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the Annual General Meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(10% Placement Period).

Listing Rule 7.1A

The effect of Resolution 11 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 11 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days 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 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

- (b) If Resolution 11 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. Shareholders may be exposed to economic risk and voting dilution, including the following:
- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date.

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the market price of Shares as at 24 October 2018 (**Current Share Price**) and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

- two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. 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 Rule 7.1 that are approved at a future Shareholders' meeting; and
- 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		Issue Price		
		\$0.017 50% decrease in Current Share Price	\$0.033 Current Share Price	\$0.066 100% increase in Current Share Price
Current Variable A 260,990,468 Shares	10% Voting Dilution	26,099,047 Shares	26,099,047 Shares	26,099,047 Shares
	Funds raised	\$430,634	\$861,269	\$1,722,537
50% increase in current Variable A 383,152,368 Shares	10% Voting Dilution	39,148,570 Shares	39,148,570 Shares	39,148,570 Shares
	Funds raised	\$645,951	\$1,291,903	\$2,583,806
100% increase in current Variable A 521,980,936 Shares	10% Voting Dilution	52,198,094 Shares	52,198,094 Shares	52,198,094 Shares
	Funds raised	\$861,269	\$1,722,537	\$3,445,074

The table has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- No Options (including any Options issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities.
- 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%.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Annual General Meeting.
- The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- The Current Share Price is \$0.033 (3.3 cents), being the closing price of the Shares on ASX on 24 October 2018.

- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 11 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) non-cash consideration for the acquisition of the 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; or
 - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expenses associated with such acquisition), continued expenditure on the Company's current business and/or general working capital.
- (e) The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

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

- (f) A voting exclusion statement is included in the Notice. At the date of this Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in this Notice.

Equity Issues over the Last 12 Months – Listing Rule 7.3A.6

For the purposes of Listing Rule 7.3A.6(a), the Company advises as follows:

Number of equity securities on issue at commencement of 12 month period	297,862,802
Equity securities issued in the prior 12 month period*	89,316,221
Percentage of share issues represent of total number of equity securities on issue at commencement of 12 month period	29.98%

* For full details of the issues of equity securities made by the Company since the date of the last Annual General Meeting, see Appendix 5. Included in this Appendix is a summary of the amount of funds raised as a result of the capital raisings during the previous 12 month period.

Board Recommendation

The Board believes that Resolution 11 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 this Resolution.

GLOSSARY

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

“\$” means Australian Dollars;

“**10% Placement Facility**” has the meaning as defined in the Explanatory Statement for Resolution 11;

“**10% Placement Period**” has the meaning as defined in the Explanatory Statement for Resolution 11;

“**Annual Report**” means the Directors’ Report, the Financial Report, and Auditor’s Report, in respect to the year ended 30 June 2018;

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

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

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

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

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

“**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;

“**Equity Security**” has the same meaning as in the Listing Rules and Equity Securities has a corresponding meaning;

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

“**Financial Report**” means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities;

“**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;

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

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

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

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

“**Relevant Executive**” is as defined in the Explanatory Statement for Resolution 10.

“**Remuneration Report**” means the remuneration report which forms part of the Directors’ Report of the Company for the financial year ended 30 June 2018 and which is set out in the 2018 Annual Report.

“**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.

APPENDIX 1 - TERMS AND CONDITIONS OF OPTIONS

Options have exercise price and expiry dates and vesting conditions (if any) as set out in Resolution 5 and otherwise have terms as set out below:

1. Entitlement

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

2. Exercise Period

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

3. Notice of Exercise

The Options may be exercised by notice in writing to the Company (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised. Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

4. Shares issued on exercise

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

5. Quotation of Shares on exercise

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

6. Timing of issue of Shares

After an Option is validly exercised, the Company must, within, 15 Business Days of the notice of exercise and receipt of cleared funds equal to the sum payable on the exercise of the Option:

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

7. Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will give holders of the Options notice of the proposed issue prior to the date for determining entitlements to participate in any such issue.

8. Adjustment for bonus issues of Shares

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

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

9. Adjustment for entitlement issue

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

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

O = the old Exercise Price of the Option.

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

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

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

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

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

10. Adjustments for reorganisation

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

11. Options not quoted

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

12. Options transferable

The Options are transferable.

13. Lodgement Instructions

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

APPENDIX 2 - SUMMARY OF INCENTIVE 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:

- (a) 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;
- (b) 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;
- (c) the Option exercise price, or the formula for determining the Option exercise price (Exercise Price) of any Options;
- (d) any applicable vesting conditions as determined by the Board in its discretion;
- (e) any restriction period the Board has resolved to apply to Shares issued on exercise of the Awards;
- (f) when Awards will expire (Expiry Date);
- (g) the date by which an Offer Document must be accepted (Closing Date);
- (h) any other terms and conditions applicable to the Awards; and
- (i) 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:
 - (i) 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;
 - (ii) 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
 - (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.
- (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.
 - (i) 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.
 - (ii) 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.
 - (iii) 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.

APPENDIX 3

Summary of potential termination benefits for which approval is being sought.

Agreement / Plan	Potential benefits / treatment on cessation of employment
<p><i>Employment Agreements</i></p> <p>All of the Relevant Executives are employed under Employment Agreements. Further details about the Employment Agreements of those Relevant Executives who are KMP are contained in the Remuneration Report.</p>	<p><i>Payment in lieu of notice</i></p> <p>The Employment Agreement typically contain or will contain the ability for the Company or the relevant Group Company that is the employer to make a payment to the Relevant Executive in lieu of some or all of the applicable termination notice period (which may be up to 12 months).</p> <p>Where payment in lieu of notice is made, the payment will be calculated by reference to the Relevant Executive's base remuneration.</p>
	<p><i>Accrued Benefits</i></p> <p>Accrued but untaken base remuneration, annual leave, long service leave and other leave, and reimbursement for incurred expenses will be paid out on cessation of employment.</p> <p>Leave will be accrued and paid out in accordance with contractual obligations and the law as well as any applicable Company policy.</p> <p>Although genuine accrued benefits under a law are excluded from the termination benefits provision and no shareholder approval is required to pay such benefits, some Relevant Executives may accrue benefits under Company policy which are in excess of what is strictly required by the law.</p>
	<p><i>Pro-rata bonus</i></p> <p>Some Relevant Executives are entitled to participate in the Company's Short Term Incentive Plan. The Board may determine to make pro-rata payment of a bonus under this Program where the Relevant Executive's employment terminates part way through a bonus year.</p>
	<p><i>Payment for restrictive covenants</i></p> <p>The Company may elect to impose a non-compete covenant on Relevant Executives of up to 12 months, in which case, the Company will make a payment calculated on the Relevant Executive's base remuneration in consideration for such covenant.</p>
	<p>Relevant Executives may be entitled to participate in the Company's EIP which is proposed for adoption under Resolution 6 of the Notice.</p> <p>Generally, unvested options or performance rights granted under the EIP will lapse if the Relevant Executive ceases to be an employee before the vesting date of the options or performance rights. However, this does not apply if the Relevant Executive is the subject of "Special Circumstances" or if the Board exercises its discretion to waive vesting requirements.</p> <p>A Special Circumstance is where the Relevant Executive suffers a total and permanent disablement, dies, is made redundant or suffers severe financial hardship. The Board (or the relevant committee of the Board) also has the discretion to determine that any other circumstance constitutes a Special Circumstance and therefore, that the unvested options or performance rights of the Relevant Executive will not lapse.</p> <p>Vested options or performance rights of a Relevant Executive will lapse on a determination of the Board that the options or performance rights should lapse because, in the Board's opinion, the Relevant Executive (amongst other circumstances) has been dismissed or removed from office for a reason which entitles the Company to dismiss the Relevant Executive without notice. The Board may exercise its discretion not to determine that the vested options or performance rights of a Relevant Executive who has been dismissed in these circumstances should lapse.</p> <p>The vested options or performance rights of a Relevant Executive will also lapse on the date determined by the Board (which in no event will be more than 12 months) after the date of termination of employment of the Relevant Executive with the Company (other than due to the occurrence of a Special Circumstance). The Board has the discretion to determine that a Relevant Executive is the subject of a Special Circumstance and therefore, their vested options or performance rights should not lapse.</p> <p>The vesting of options or performance rights granted to a Relevant Executive may be subject to one or more performance conditions. The Board may have discretion as to whether to waive any of those performance conditions on termination of the Relevant Executive's employment.</p> <p>The exercise of any of the discretions by the Board referred to above may be a termination benefit.</p>
<p><i>Insurance premiums and pay-outs</i></p>	<p>The Company pays insurance premiums to obtain death and disability cover for Relevant Executives.</p> <p>The types of insurance policies that the Company currently takes out and pays the premiums for include:</p> <ul style="list-style-type: none"> • travel insurance policies, which may include a death and disability benefit; and • statutory workers' compensation arrangements, which include a death and disability benefit. <p>The Company may also from time to time take out and pay the premium for death and disability policies for certain Relevant Executives.</p> <p>The payment of these insurance premiums by the Company to an insurer so that the insurer pays an amount upon the death or disablement of a Relevant Executive could potentially result in the premium and/or the pay-out to be considered a termination benefit.</p> <p>Under some of these policies, the pay-out by the insurer will be made to the Company by the insurer and that amount is then paid to the insured Relevant Executive or his or her beneficiaries by the Company.</p>
<p><i>Other benefits</i></p>	<p>At the discretion of the Board, the Company may pay or give other reasonable termination benefits under the Company's policies from time to time or in accordance with the Relevant Executive's Employment Agreement, such as relocation benefits and payment of reasonable professional fees (such as for legal or tax advice). In some cases, after cessation of their employment, Relevant Executives may also be permitted to keep the mobile phones, computers, tablets or other electronic devices that had been provided to them by the Company.</p>

APPENDIX 4

Matters, events and circumstances which will, or are likely to, affect the calculation of the amount or value of the benefits.

Agreement / Plan	Matter, event or circumstance
<i>Employment Agreements</i>	<p>The following are the matters, events and circumstances which will, or are likely to, affect the calculation of the amount or value of the potential termination benefits that may be given under the Employment Agreements for the Relevant Executives:</p> <ul style="list-style-type: none"> • The circumstances of the Relevant Executive's cessation of employment (for example, whether the employment is terminated immediately or with notice, or by the Company or the Relevant Executive, and for what reason). • The Relevant Executive's length of service. • The length of the notice period and whether the Company's operational requirements at the time require the Relevant Executive to work through all or part of their notice period. • The amount of annual and other leave accrued by the Relevant Executive at the time of cessation of employment. • The Relevant Executive's base remuneration at the time of cessation of employment. • The Company's policies as applicable at the relevant time. • The duration of the non-compete covenant that the Company elects to impose. • The manner in which the Board (or a committee of the Board) exercises its discretion (for example, in relation to payment of a pro-rata bonus or for non-compete covenants). • To the extent that the Employment Agreement provides for any termination benefits which are awards under an EIP, the matters, events and circumstances referred to in this table below in relation to an EIP are also relevant.
<i>Employee Incentive Plan (EIP)</i>	<p>The following are the matters, events and circumstances which will, or are likely to, affect the calculation of the amount or value of the potential termination benefits that may be given under an EIP:</p> <ul style="list-style-type: none"> • The circumstances of the Relevant Executive's cessation of employment • (for example, whether the cessation of employment arises due to termination by the Company or the Relevant Executive, and for what reason). • The Relevant Executive's entitlement under an EIP at the time of cessation of employment and the conditions of such entitlement. • The number of options or performance rights held by the Relevant Executive at the time of cessation of employment, and the conditions (if any) of vesting of such options or performance rights. • Any applicable performance measures and the achievement of such measures. • If any performance measures are applicable, the personal performance of the Relevant Executive. • The portion of the performance period served by the Relevant Executive up to the cessation of employment. • The market price of the Company's shares on the ASX at the relevant time. • The exercise price of the Relevant Executive's options. • The manner in which the Board exercises its discretion.
<i>Insurance premiums and pay-outs</i>	<p>The following are the matters, events and circumstances which will, or are likely to, affect the calculation of the amount or value of the potential termination benefits that may be given in respect of the insurance policies:</p> <ul style="list-style-type: none"> • The type of insurance policy and the coverage under that policy. • The role, age, salary and any pre-existing condition of the insured Relevant Executive. • The circumstances of the Relevant Executive's cessation of employment (for example, due to accidental death, workplace injury or health disability).
<i>Other benefits</i>	<p>The following are the matters, events and circumstances which will, or are likely to, affect the calculation of the amount or value of the potential termination benefits that may be given in respect of the other benefits described in Appendix 3:</p> <ul style="list-style-type: none"> • The Company's policies as applicable at the relevant time. • The applicable market practice. • The value of the services, benefits and items that the Relevant Executive is provided or entitled to keep. • The circumstances of the Relevant Executive's cessation of employment. • The manner in which the Board exercises its discretion.

APPENDIX 5

CASH ISSUES

Date	Number of Securities	Security Type	Terms	Description	Party or Basis	Price	Discount	Total Consideration	Use of Consideration
2 Mar 2018	30,000,000	FPO	FPO	Issue of Shares as approved at 2017 AGM	Professional and Sophisticated investors	\$0.05	Nil	\$1,500,000	<ul style="list-style-type: none"> Working Capital for the Company. <i>Of the funds raised, \$1,500,000 has been used as set out above.</i>
16 Aug 2018	22,671,000	FPO	FPO	Issue of Shares	Professional and Sophisticated investors	\$0.045	Nil	\$1,020,195	<ul style="list-style-type: none"> Growth capital for Gophr – the Company's last mile delivery business in the UK. Purchase of an economic interest in Scout – US VC Fund (refer ASX announcement to follow). Progressing investigation of other investment opportunities, noting that the Company is currently in final stage due diligence on two co-investment opportunities. Working Capital to build Funds Under Management. <i>Of the funds raised, \$1,020,195 has been used as set out above.</i>
12 Sept 2018	4,036,110	FPO	FPO	Issue of Shares	Professional and Sophisticated investors	\$0.045	Nil	\$181,625	<ul style="list-style-type: none"> Working Capital to build Funds Under Management. <i>Of the funds raised, \$181,625 has been used as set out above.</i>
26 Sept 2018	6,200,000	FPO	FPO	Issue of Shares	Professional and Sophisticated investors	\$0.045	Nil	\$279,000	<ul style="list-style-type: none"> Purchase of an economic interest in Scout – US VC Fund (refer ASX announcement to follow). final stage due diligence on two co-investment opportunities. Working Capital to build Funds Under Management. <i>Of the funds raised, \$269,000 has been used as set out above and the remaining \$10,000 is proposed to be used for the same purpose.</i>
24 Oct 2018	5,555,556	FPO	FPO	Issue of Shares	Professional and Sophisticated investors	\$0.045	Nil	\$250,000	<ul style="list-style-type: none"> Working Capital to build Funds Under Management. <i>Of the funds raised, \$50,000 has been used as set out above and the remaining \$250,000 is proposed to be used for the same purpose.</i>
Total								\$3,530,820	

NON-CASH ISSUES

Date	Number of Securities	Security Type	Terms	Description	Party or Basis	Price	Discount	Total Consideration	Use of Consideration
7 Mar 2018	7,500,000	FPO	Subject to voluntary 12 months escrow	Issue of Shares as approved at 2017 AGM	Vendors of Highline Investments Pty Ltd.	Deemed issue price of \$0.04	Nil	\$300,000	<ul style="list-style-type: none"> Non-cash, issued as consideration for the Company's acquisition of Highline Alternative Investments Pty Ltd. Current value of shares are approximately \$247,500 based on the price of \$0.033 per share (being the closing price on 8 October 2018)
24 Oct 2018	13,353,555	O	Note 1	Unlisted Options	Professional and Sophisticated investors	Nil	N/A	N/A	<ul style="list-style-type: none"> Free-attaching options issued to participants of Capital raising.

Glossary

O Unlisted options

Notes

1 Exercisable at \$0.10 (10 cents) on or before 24 October 2021.

Auctus Alternative Investments Limited

ABN 76 149 278 759

Lodge your vote:



Online:

www.investorvote.com.au



By Mail:

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

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

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

For all enquiries call:

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

AVC

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

Proxy Form



Vote online

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

Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I999999999

PIN: 99999

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



 **For your vote to be effective it must be received by 11:00am (AEDT) on Tuesday, 27 November 2018**

How to Vote on Items of Business

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

Appointment of Proxy

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

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

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

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

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

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

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

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

Attending the Meeting

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

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

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

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



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



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1

Appoint a Proxy to Vote on Your Behalf

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 Annual General Meeting of Auctus Alternative Investments Limited to be held at Level 7, 90 Collins Street, Melbourne Victoria 3000 at 11.00am (AEDT) on Thursday, 29 October 2018 and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 6, 7, 8, & 10 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 6, 7, 8, & 10 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 1, 6, 7, 8 & 10 by marking the appropriate box in step 2 below.

STEP 2

Items of Business



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

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Mr Michael Hynes as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Election of Mr Bradley C. Harrison as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Ratification of Prior Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval to Issue Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Adoption of Incentive Option & Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

		For	Against	Abstain
Resolution 7	Issue of Performance Share Rights - Mr Campbell McComb	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Issue of Performance Share Rights - Mr Michael Hynes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Consolidation of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Approval of Potential Termination Benefits	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

SIGN

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

_____ / _____ / _____

Date

AVC

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Computershare +