

Notice of Annual General Meeting and Explanatory Memorandum

Xped Limited ACN 122 203 196

Date of Meeting: 30 November 2016

Time of Meeting: 2.00pm (Adelaide time)

Place of Meeting: Rydges South Park Adelaide
1 South Terrace, Adelaide, South Australia

Notice of Annual General Meeting

Notice is given that the Annual General Meeting of shareholders of **Xped Limited** ACN 122 203 196 (**Company**) will be held at Rydges South Park Adelaide, 1 South Terrace, Adelaide, South Australia on 30 November 2016 at 2.00pm (Adelaide time).

Agenda

Ordinary business

Financial Reports

To receive and consider the Company's Annual Report comprising the Directors' Report and Auditors' Report, Directors' Declaration, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to and forming part of the financial statements for the Company and its controlled entities for the financial year ended 30 June 2016.

1. Resolution 1: Re-election of John Schultz as a director

To consider and, if thought fit, pass the following Resolution, as an Ordinary Resolution of the Company, with or without amendment:

"That John Schultz, who retires in accordance with Rule 38.2 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."

2. Resolution 2: Re-election of Christopher Wood as a director

To consider and, if thought fit, pass the following Resolution, as an Ordinary Resolution of the Company, with or without amendment:

"That Christopher Wood, who retires in accordance with Rule 38.2 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."

3. Resolution 3: Re-election of Wenjun Sheng as a director

To consider and, if thought fit, pass the following Resolution, as an Ordinary Resolution of the Company, with or without amendment:

"That Wenjun Sheng, who retires in accordance with Rule 38.2 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."

4. Resolution 4: Re-election of Athan Lekkas as a director

To consider and, if thought fit, pass the following Resolution, as an Ordinary Resolution of the Company, with or without amendment:

"That Athan Lekkas, who retires by rotation in accordance with Rule 40.1(c) of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."

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5. Resolution 5: Remuneration Report

To consider and, if thought fit, pass the following Advisory Resolution of the Company, with or without amendment:

“That, the Remuneration Report for the year ended 30 June 2016 (as set out in the Directors Report) is adopted.”

6. Resolution 6: Approval of the XPE Loan Funded Share Plan

To consider and, if thought fit, pass the following Resolution as an Ordinary Resolution of the Company, with or without amendment:

“That for the purposes of ASX Listing Rule 7.2 Exception 9, and section 260C of the Corporations Act, and for all other purposes, approval be given to the terms and adoption of the XPE Loan Funded Share Plan (a summary of which is contained in the Explanatory Memorandum) and that for the purposes of Listing Rule 7.2 exception 9(b) and section 260C of the Corporations Act, and for all other purposes, the issue of Shares under the XPE Loan Funded Share Plan within three (3) years from the date of this Resolution be an exception to ASX Listing Rules 7.1 and 7.1A and section 260A of the Corporations Act, on the terms and conditions set out in the Explanatory Memorandum.”

7. Resolution 7: Approval to issue Shares to Dalext Pty Ltd (an entity associated with Mr Athan Lekkas)

To consider and, if thought fit, pass the following Resolution as a Special Resolution of the Company, with or without amendment:

*“That subject to Resolution 6 being passed, for the purposes of Chapter 2E, section 208(1) and section 260B of the Corporations Act and ASX Listing Rule 10.14 and for all other purposes, approval be given for the Company to issue and allot up to 50,000,000 Shares at an issue price of \$0.044 per Share to Dalext Pty Ltd ACN 104 170 283 (**Dalext**) (an entity associated with Mr Athan Lekkas) or its nominees (**Lekkas Shares**) under the XPE Loan Funded Share Plan, on the terms and conditions set out in the Explanatory Memorandum.”*

8. Resolution 8: Approval to issue Shares to MMEYE LLC (an entity associated with Mr Martin Despain)

To consider and, if thought fit, pass the following Resolution as a Special Resolution of the Company, with or without amendment:

*“That subject to Resolution 6 being passed, for the purposes of Chapter 2E, section 208(1) and section 260B of the Corporations Act and ASX Listing Rule 10.14 and for all other purposes, approval be given for the Company to issue and allot up to 50,000,000 Shares at an issue price of \$0.044 per Share to MMEYE LLC (an entity associated with Mr Martin Despain) or its nominees (**Despain Shares**) under the XPE Loan Funded Share Plan, on the terms and conditions set out in the Explanatory Memorandum.”*

9. Resolution 9: Approval to cancel the Existing Performance Shares

To consider and, if thought fit, pass the following Resolution as a Special Resolution of the Company, with or without amendment:

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“That for the purposes of sections 256B(1), 256C(2) and 257D of the Corporations Act and for all other purposes, approval is given to the terms of the Cancellation Deed and specifically for the selective reduction of capital and buy back and cancellation of:

- (a) 75,000,000 Existing Performance Shares issued on 23 March 2016 to JK Group Australia Pty Ltd ACN 132 382 597 as trustee for the JK Family Trust (**JK Group**); and
- (b) 75,000,000 Existing Performance Shares issued on 23 March 2016 to Alanticx Technologies Pty Ltd ACN 008 290 131 as trustee for the Alanticx Trust (**Alanticx**),

being all of the Existing Performance Shares issued by the Company at the date of this Notice, for nil consideration and otherwise on the terms and conditions set out in the Explanatory Memorandum.”

10. Resolution 10: Approval for issue of securities under Listing Rule 7.1A

To consider and, if thought fit, to pass the following Resolution as a Special Resolution of the Company, with or without amendment:

*“That, pursuant to and in accordance with Listing Rule 7.1A, and for all other purposes, the Shareholders approve the issue of Equity Securities of up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 over a 12 month period from the date of this Meeting, at a price not less than that determined pursuant to Listing Rule 7.1A.3 and otherwise on the terms and conditions in the Explanatory Memorandum (**Placement Securities**).”*

11. Resolution 11: Approval to issue Future Placement Shares

To consider and, if thought fit, pass the following Resolution as an Ordinary Resolution of the Company, with or without amendment:

*“That in accordance with the provisions of Listing Rule 7.1, and for all other purposes, the Company is authorised to issue up to \$25,000,000 worth of fully paid ordinary shares (**Future Placement Shares**) at an issue price per Future Placement Share of not less than 80% of the volume weighted average market price of the Company’s shares calculated over the last 5 days on which sales in the shares of the Company were recorded before the day on which the share placement is made, to various sophisticated, professional or other investors that fall within one or more of the classes of exemptions specified in section 708 of the Corporations Act 2001 (Cth) and otherwise on the terms and conditions set out in the Explanatory Memorandum.”*

12. Resolution 12: Ratification of issue of Seneca Options

To consider and, if thought fit, pass the following Resolution as an Ordinary Resolution of the Company, with or without amendment:

*“That, in accordance with Listing Rule 7.4, and for all other purposes, the Shareholders ratify the previous issue of 30,000,000 options to subscribe for fully paid ordinary shares in the Company exercisable at \$0.05 each (being 1.45 times the five day VWAP prior to issue), expiring on 7 September 2017 (**Seneca Options**) to Seneca or its nominees.”*

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13. Resolution 13: Ratification of issue of KTM Capital Shares

To consider and, if thought fit, pass the following Resolution as an Ordinary Resolution of the Company, with or without amendment:

*“That, in accordance with Listing Rule 7.4, and for all other purposes, the Shareholders ratify the issue of 10,000,000 fully paid ordinary shares in the Company at a nil issue price in consideration for the termination of the mandate in place between the Company and KTM Capital Pty Ltd (**KTM Capital Shares**) on 7 September 2016 to KTM Capital Pty Ltd or its nominees.”*

14. Notes and Voting Exclusion Statement

14.1 Notes

- (a) Terms used in this Notice of Meeting are defined in the “Interpretation” section of the accompanying Explanatory Memorandum.
- (b) A detailed summary of the Resolutions is contained within the Explanatory Memorandum.
- (c) A copy of this Notice and the Explanatory Memorandum which accompanies this Notice has been lodged with ASIC in accordance with sections 218, 256C(5) and 257D(3) of the Corporations Act.
- (d) A vote on Resolution 5 (Remuneration Report) is advisory only and does not bind the Directors or the Company.
- (e) With respect of Resolutions 7 and 8, a copy of this Notice and the Explanatory Memorandum which accompanies this Notice has been lodged with ASIC in accordance with sections 218 and 260B(5) of the Corporations Act.
- (f) Resolutions 7 and 8 are Special Resolutions and will only be passed if 75% or more of votes cast by shareholders entitled to vote are cast in favour of each resolution.
- (g) With respect to Resolutions 7 and 8, the Company intends to issue the Lekkas Shares and Despain Shares as soon as practicable in each case, but no later than one month after the Meeting.
- (h) With respect of Resolutions 7 and 8, the issue of the Lekkas Shares and Despain Shares under the XPE Loan Funded Plan will be funded by way of loan from the Company and therefore no funds will be raised by the issue.

14.2 Voting Restriction Statement pursuant to section 250R(4) of the Corporations Act

A vote on Resolution 5 (Remuneration Report) must not be cast (in any capacity) by or on behalf of either of the following persons:

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

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However, the above persons may cast a vote on Resolution 5 if:

- (a) the person does so as a proxy; and
- (b) the vote is not cast on behalf of a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report or a Closely Related Party of such a member; and
- (c) either:
 - (1) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
 - (2) the voter is the chair of the meeting and the appointment of the chair as proxy:
 - (A) does not specify the way the proxy is to vote on the resolution; and
 - (B) expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.

14.3 **Voting Restriction Statement pursuant to section 250BD of the Corporations Act**

A vote on Resolutions 6, 7 and 8 must not be cast by:

- (a) any member of Key Management Personnel of the Company or if the Company is part of a consolidated entity, of the entity; or
- (b) a Closely Related Party of such a member,

who is appointed as a Shareholder's proxy, on the basis of that appointment, where the Shareholder does not specify in writing the way the proxy is to vote on the resolution.

However, the Company need not disregard a vote if it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, where the Shareholder does not specify in writing the way the proxy is to vote on the resolution, if the appointment of proxy expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company or if the Company is part of a consolidated entity, of the entity.

14.4 **General Voting Exclusion Statement**

The Company will disregard any votes cast by the following people:

- (a) with respect of Resolution 6, any director of the Company who is eligible to participate in the XPE Loan Funded Share Plan and any associate of them,
- (b) with respect to Resolution 7, Dalext, Mr Athan Lekkas, a director of the Company (except one who is ineligible to participate in the XPE Loan Funded Plan) and any associate of them;
- (c) with respect to Resolution 8, MMEYE LLC, Mr Martin Despain, a director of the Company (except one who is ineligible to participate in the XPE Loan Funded Plan), and any associate of them;
- (d) with respect to Resolution 9, JK Group and Alanticx and any associate of JK Group and Alanticx in favour of Resolution 9;

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- (e) with respect to Resolution 10, the Company will disregard any votes cast on this Special Resolution by a person and any associates of that person who:
 - (1) may participate in the issue of the Placement Securities; or
 - (2) might obtain a benefit if this Special Resolution is passed, except a benefit solely in their capacity as a holder of shares if the resolution is passed;
- (f) with respect to Resolution 11, the Company will disregard any votes cast on this Resolution by a person and any associates of that person who:
 - (1) may participate in the issue of the Future Placement Shares; or
 - (2) might obtain a benefit if Resolution 11 is passed, except a benefit solely in their capacity as a holder of shares if the resolution is passed.
- (g) with respect to Resolution 12, any person who receives Seneca Options and any associate of that person (or those persons); and
- (h) with respect to Resolution 13, any person who receives KTM Capital Shares and any associate of that person (or those persons).

The proposed allottees of any Placement Securities and Future Placement Shares are not as yet known or identified. In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of the Placement Securities and the Future Placement Shares), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted and there is no reason to exclude their votes.

However, the Company need not disregard a vote if:

- (a) 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
- (b) it is cast 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.

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions the subject of this Meeting, including Resolution 5, subject to compliance with the Corporations Act. In exceptional circumstances, the Chair of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

General business

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.

By order of the board

Julie Edwards



Company Secretary
26 October 2016

Explanatory Memorandum

1. Introduction

This Explanatory Memorandum is provided to shareholders of **Xped Limited ACN 122 203 196 (Company)** to explain the Resolutions to be put to Shareholders at the Annual General Meeting to be held at Rydges South Park Adelaide, 1 South Terrace, Adelaide, South Australia on 30 November 2016 commencing at 2.00pm (Adelaide time).

The Directors recommend Shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Terms used in this Explanatory Memorandum are defined in section 15.

2. Consider the company's annual report

The Company's Annual Report comprising the Directors' Report and Auditors' Report, Directors' Declaration, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to and forming part of the financial statements for the Company and its controlled entities for the financial year ended 30 June 2016 were despatched to Shareholders and released to the ASX Limited on 29 September 2016. The Company's Annual Report is placed before the shareholders for discussion. No voting is required for this item.

3. Resolution 1: Re-election of John Schultz as a director

John Schultz retires in accordance with Rule 38.2 of the Company's Constitution and, being eligible, offers himself for re-election as an Executive Director.

Mr Schultz was appointed on 5 April 2016 by the Directors upon completion of the acquisition of Xped Holdings Limited. Mr Schultz is the co-founder of the Xped technology and business. Mr Schultz is the Head of Engineering of Xped Limited.

Mr Schultz (B Eng. Uni of SA) is a serial entrepreneur founding and successfully growing several companies over the last two decades specialising in the design, manufacture and business development of electronics systems.

Mr Schultz has a wealth of experience running design and manufacturing businesses, managing staff and subcontractors and secured significant international business exporting vehicle immobilisers to Malaysia for aftermarket distribution and direct fit to Honda.

This contract saw a peak of 30 employees locally employed and managed at Technology Park. Mr Schultz's involvement was system specification, design, product design and manufacture, resource management and developing initial commercialisation opportunities.

The Directors (with Mr Schultz abstaining) recommend that you vote in favour of this Ordinary Resolution.

4. Resolution 2: Re-election of Christopher Wood as a director

Christopher Wood retires in accordance with Rule 38.2 of the Company's Constitution and, being eligible, offers himself for re-election as an Executive Director.

Mr Wood was appointed on 5 April 2016 by the Directors upon completion of the acquisition of Xped Holdings Limited. Mr Wood is the co-founder of the Xped technology and business. Mr Wood is the Chief Technology Officer of Xped Limited.

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Mr Wood has extensive experience in large telecommunications companies developing mission critical software applications.

Mr Wood has architected projects worth up to \$200 million and supported by a pool of 200 IT staff. Mr Wood is a domain expert in the areas of GPS, inertial sensors and communications. Mr Wood also possesses substantial technology development commercialisation experience.

In 2003 Mr Wood founded Neve Technologies Pty Ltd, a company which developed and commercialised an augmented GPS system for positioning vehicles in areas where GPS signals are severely degraded. In the commercialisation process Mr Wood established a joint venture with the University of South Australia. Neve secured COMET funding, raised capital and successfully commercialised its technology internationally.

The Directors (with Mr Wood abstaining) recommend that you vote in favour of this Ordinary Resolution.

5. Resolution 3: Re-election of Wenjun Sheng as a director

Wenjun Sheng retires in accordance with Rule 38.2 of the Company's Constitution and, being eligible, offers himself for re-election as a Non-Executive Director.

Dr Sheng was appointed on 21 April 2016 by the Directors.

Dr Sheng has over 15 years of semiconductor industry experience, he has shown an ability to grow businesses from inception, to first revenue and profitability in an effective and accelerated manner. Prior to co-founding Telink Semiconductor in 2010, he was VP of RFIC design at Wiscomm Microsystem Inc., a startup company focusing on CMOS satellite TV tuner chip product.

Dr Sheng has held key technical positions with industry leaders like Qualcomm and Silicon Labs etc., and was one of the pioneers in CMOS RFIC design. Dr Sheng holds 30 patents in RF and mixed-signal IC design, and is a member of China's top recruitment program of global experts "Thousand Talents Program". Dr Sheng holds a BS in electronics engineering from Tsinghua University and an ME and Ph.D. in electrical engineering from Texas A&M.

The Directors (with Dr Sheng abstaining) recommend that you vote in favour of this Ordinary Resolution.

6. Resolution 4: Re-election of Athan Lekkas as a director

Athan Lekkas retires by rotation in accordance with Rule 40.1(c) of the Company's Constitution and, being eligible, offers himself for re-election as a Director.

Mr Lekkas was appointed as a director on 19 February 2013 and was re-elected as a Director on 19 November 2013 at the Company's annual general meeting. Mr Lekkas was appointed as Chief Operating Officer on 5 April 2016. On 29 June 2016 Mr Lekkas was appointed as Chief Executive Officer and Chair of the Board.

Mr Lekkas has participated in a broad range of business and corporate advisory transactions, specialising in the restructure and recapitalisation of various companies through his institutional funding contacts in Asia and North America.

Mr Lekkas has completed successful turnaround projects in manufacturing, logistics and implemented successful operational changes restoring companies into profitability. He was instrumental in the structuring and funding of the Xped transaction.

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Since his time with Xped, Mr Lekkas has been instrumental in securing international talented professionals to serve on the Board of Xped including Dr Wenjun Sheng and now Mr Martin Despain. Mr Lekkas has extensive international networks and professional relationships across various industries and is proficient and versed in growing public companies in the small capital markets. Outside of leading and running organisations, Mr Lekkas has demonstrated the ability to secure funding and capital commitments from international and local funding institutions as and when required.

Mr Lekkas identified and secured the Telink opportunity for Xped and established the close working relationship between the parties and wishes to see this grow further as the Company continues its development work with Telink. His skillset in mergers and acquisitions was recently shown when he identified the JCT Healthcare opportunity and managed the deal with the JCT vendor for a favourable outcome for all parties whilst seeking to add value to Xped shareholders by securing recurring revenue.

Mr Lekkas is also a Director of ASX listed investment company First Growth Funds Limited.

The Directors (with Mr Lekkas abstaining) recommend that you vote in favour of this Ordinary Resolution.

7. Resolution 5: Remuneration Report

The Board has submitted its Remuneration Report to Shareholders for consideration and adoption by way of a non-binding Advisory Resolution in accordance with section 250R of the Corporations Act.

The Remuneration Report is set out in the Directors' Report section of the Annual Report. The Remuneration Report, amongst other things:

- (a) explains the Board's policy for determining the nature and amount of remuneration of Key Management Personnel of the consolidated entity;
- (b) explains the relationship between the Board's remuneration policy and the Company's performance;
- (c) sets out remuneration details for each Key Management Personnel of the consolidated entity including details of performance related remuneration and options granted as part of remuneration; and
- (d) details and explains any performance conditions applicable to the remuneration of Key Management Personnel of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

The Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report. A vote on this Resolution 5 is advisory only and does not bind the Directors or the Company.

There are restrictions on members of the Key Management Personnel and their Closely Related Parties and their proxies voting (in any capacity) on Resolution 5, details of which are set out in the Voting Restriction Statement included in Section 14 of the Notice of Meeting.

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions the subject of this Meeting, including Resolution 5 subject to compliance with the Corporations Act. In exceptional circumstances, the Chair of the Meeting may change his/her voting intention on any Resolution, in which case an ASX announcement will be made.

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8. Resolution 6: Approval of the XPE Loan Funded Share Plan

Pursuant to Resolution 6, the Company is seeking Shareholder approval for the entry of the XPE Loan Funded Share Plan for the purpose of Listing Rule 7.2 exception 9 of the ASX Listing Rules and 260C of the Corporations Act and for all other purposes.

Resolution 6 seeks Shareholder approval for the adoption of the XPE Loan Funded Share Plan in order for the XPE Loan Funded Share Plan to be considered an exception to ASX Listing Rule 7.1 and Listing Rule 7.1A.

8.1 Background

The performance of the Company depends upon the quality of its Directors and executive management. The compensation structure is designed to strike an appropriate balance between fixed and variable remuneration, rewarding capability and experience and providing recognition for contribution to the Company's overall goals and objectives. In deciding the remuneration and incentives of the Directors and where applicable, executive management, the Board considers that there should be an appropriate mix of remuneration comprising cash and securities to link the remuneration of the directors and executive management to the performance of the Company. Equity based incentives consistent with the Company's remuneration policy better aligns the performance of the Directors and executive management with the Company's position.

The Directors are also seeking to implement the XPE Loan Funded Share Plan in order to attract, motivate and retain key employees and executives and it is considered by the Directors that the adoption of the XPE Loan Funded Share Plan and the future issue of Shares under the XPE Loan Funded Share Plan will provide selected employees with the opportunity to participate in the future growth of the Company. It is intended the XPE Loan Funded Share Plan will align the interests of employees and executives with Shareholders thus allowing the employee or executive to consider themselves an owner of the business and enhance his or her commitment to Shareholder return.

The Board also believes that an equity-based remuneration component helps to attract and retain the best Directors, executive management, consultants and employees. The Board consider the remuneration policy to be a sensible and well balanced policy which allows them to adjust the remuneration mix appropriately to the Company's changing circumstances.

The Directors have been mindful to limit the operational costs of the Company and as such, the cash fees payable to Directors and executive management, as well as its corporate advisors, have been limited.

A material feature of the XPE Loan Funded Share Plan is the issue of Shares pursuant to the Plan may be undertaken by way of provision of a limited recourse, interest free loan to be used for the purposes of subscribing for the Shares based on a price that will be determined by the Board in its absolute discretion provided that it shall not be less than the volume weighted average price at which Shares were traded on the ASX over the 5 trading days prior to making an offer for Plan Shares or the Company announcing an intention to make an offer to an eligible employee to participate in the Plan, whichever is the earlier. The intention is that the Plan Shares are offered at market price and are not offered at a discount to market price.

Details of the XPE Loan Funded Share Plan are set out in Schedule 1. The Company has not implemented a loan funded share plan in the previous three years and as such no securities have previously been issued by the Company under a loan funded share plan during that time. The Company implemented an employee share and option plan (**ESOP**) which was approved by Shareholders at the extraordinary general meeting held on 4 March 2016. No securities have been issued under the ESOP since 4 March 2016.

In addition, a copy of the XPE Loan Funded Share Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the XPE Loan Funded Share Plan can also be sent to Shareholders upon request to the

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Company Secretary 03 9642 0655). Shareholders are invited to contact the Company if they have any queries or concerns.

8.2 **Relevant Law**

ASX Listing Rules

(a) Listing Rule 7.1

Listing Rule 7.1 prohibits a company, except in certain cases, from issuing new equity securities equivalent in number to more than 15% of its capital in any 12 month period without the prior approval of its shareholders. Securities issued with shareholder approval under ASX Listing Rule 7.1 do not count towards the 15% limit.

As a result, any issue of Shares by the Company under the XPE Loan Funded Share Plan would reduce the Company's 15% capacity to issue Shares under Listing Rule 7.1.

Exception 9 of Listing Rule 7.2 however, allows a company to issue securities without specific shareholder approval and without reducing the 15% capacity under Listing Rule 7.1 where shareholders of a company have approved the issue of securities pursuant to an employee incentive scheme as an exception to Listing Rule 7.1 within three (3) years prior to the issue of the securities. Resolution 6 is being put to the Shareholders for this purpose and will allow the Company to utilise Exception 9 to Listing Rule 7.2 for 3 years from the date of the Resolution being passed.

Any future issues of Shares under the XPE Loan Funded Share Plan to a related party or a person whose relation with the Company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

Corporations Act

(b) Section 250C

Section 260A of the Corporations Act provides that a company may financially assist a person to acquire shares in the company if the assistance is exempt under section 260C. Section 260C(4) of the Corporations Act states that financial assistance is exempt from section 260A if it is given under an employee share scheme which has been approved by a resolution passed at a general meeting of the company.

As outlined above, the XPE Loan Funded Share Plan permits the provision of a loan to the recipient of Shares under the plan so to acquire those Shares. Accordingly, any loan issued pursuant to or in connection with the XPE Loan Funded Share Plan will constitute financial assistance for the purposes of that provision.

Resolution 6 therefore seeks approval of Shareholders for the purposes of section 260C of the Corporations Act.

9. Resolutions 7 and 8: Approval to issue Shares to Dalex and MMEYE LLC

9.1 Introduction

As announced by Xped on 7 September 2016 and 26 October 2016, Xped has made a number of Board and management changes, as well as appointed a new Corporate Advisor.

These changes include the appointment of Mr Martin Despain as Managing Director of the Board, effective from 19 September 2016 (**Despain Commencement Date**) pursuant to a consultancy agreement with Martin Despain and MMEYE LLC (an entity associated with Mr

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Despain), and the entry into a variation to the existing consultancy agreement with Mr Athan Lekkas and Dalext (an entity associated with Mr Athan Lekkas), pursuant to which Dalext provides certain consultancy services and Mr Athan Lekkas has been appointed as CEO and Chair of the Board.

In conjunction with these matters, the Company has agreed to incentivise each of Mr Lekkas and Mr Despain through the issue of Shares under the XPE Loan Funded Share Plan (subject to approval of the XPE Loan Funded Share Plan under Resolution 6, as outlined above).

Accordingly, as was announced by the Company to the market on 26 October 2016, subject to approval under Resolution 6, the Company is seeking the approval of its Shareholders to issue the following Shares under the XPE Loan Funded Share Plan:

- (a) Resolution 7 - 50,000,000 Shares at an issue price of \$0.044 per Share to Dalext or its nominee pursuant to the consultancy agreement entered into with Mr Lekkas and Dalext, as varied (**Lekkas Shares**); and
- (b) Resolution 8 - 50,000,000 Shares at an issue price of \$0.044 per Share to MMEYE LLC or its nominee pursuant to the consultancy agreement entered into with Mr Despain and MMEYE LLC, as varied (**Despain Shares**).

(together, the **Incentive Shares**).

The issue of the Incentive Shares will be funded by way of loan from the Company. A summary of the terms of the loan is set out in Schedule 1 of the Explanatory Memorandum.

The terms of the XPE Loan Funded Share Plan are outlined in Schedule 1.

The Company seeks Shareholder approval in accordance with both sections 208(1) (Chapter 2E) and 260B(1) (Chapter 2J) of the Corporations Act as well as pursuant to Listing Rule 10.14 and for this reason, and for all other purposes, the following information is provided to Shareholders.

9.2 Relevant Law

ASX Listing Rules

- (a) Listing Rule 10.11 and 10.14

Listing Rule 10.14 states that a company must not issue or agree to issue Equity Securities under an employee incentive scheme to any of the following persons without the approval of holders of ordinary securities:

- (1) a Related Party; and
- (2) a person whose relationship with the company or a related party is, in the ASX's opinion, such that approval should be obtained.

A Related Party includes a director, an entity controlled by a director and spouses, parents and children of a director. A Related Party also includes any person who came within any of these abovementioned classifications in the preceding six months or in respect of which there are reasonable grounds to believe that that person will fall within such a classification in the future.

If Shareholder approval is obtained under Listing Rule 10.14, further approval is not required under Listing Rule 7.1 (see Listing Rule 7.2, Exception 14) or under 10.11 (Exception 4, Listing Rule 10.12).

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Accordingly, as the issue of the Incentive Shares will result in directors of the Company acquiring securities under the XPE Loan Funded Share Plan, Shareholder approval has been sought pursuant to Listing Rule 10.14 for:

- (1) the issue of the Lekkashares to Dalext (or its nominee), an entity associated with Mr Athan Lekkash, a Director of the Company; and
- (2) the issue of the Despains Shares to MMEYE LLC (or its nominee), an entity associated with Mr Martin Despains, a Director of the Company.

If Resolution 7 is not passed, the Lekkashares will not be issued. If Resolution 8 is not passed, the Despains Shares will not be issued.

(b) Information required pursuant to Listing Rule 10.15

For the purposes of Listing Rules 10.15 the Company provides the following information with respect of Resolution 7, seeking approval to issue the Lekkashares and Resolution 8, seeking approval to issue the Despains Shares:

- (1) the Related Party to whom the Options are to be issued:
 - (A) in respect of Resolution 7, Dalext, an entity associated with a Mr Athan Lekkash, a Director of the Company (or its nominees); and
 - (B) in respect of Resolution 8, MMEYE LLC, an entity associated with Mr Martin Despains, a Director of the Company (or its nominees).
- (2) the maximum number of securities to be issued:
 - (A) in respect of Resolution 7, up to 50,000,000 Lekkashares; and
 - (B) in respect of Resolution 8, up to 50,000,000 Despains Shares;
- (3) the Incentive Shares will be issued and allotted as soon as practicable in each case, but no later than one month after the Meeting;
- (4) the Lekkashares and the Despains Shares will be issued at \$0.044 per Share;
- (5) the Company will provide a loan to each of Athan Lekkash totalling \$2,200,000 and Martin Despains totalling \$2,200,000 for the payment of the issue price for the Shares. The loans are limited in recourse to the Shares and are interest free. A summary of the terms of the loans is set out in Schedule 1
- (6) as the issue of the Lekkashares and Despains Shares under the XPE Loan Funded Plan will be funded by way of loan from the Company, no funds will be raised by the issue.
- (7) the Lekkashares and the Despains Shares will rank equally with all Shares on issue at that time;
- (8) as at the date of this Explanatory Memorandum, no Shares have been issued under the Plan;
- (9) all Directors (both executive and non-executive) and eligible employees are entitled to participate in the Plan. As at the date of this Explanatory Memorandum, the Directors of the Company, their associates and other related parties include:
 - (A) Athan Lekkash;

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- (B) Martin Despain;
- (C) Christopher Wood;
- (D) John Schultz; and
- (E) Wenjun Sheng.

It is presently only proposed that Mr Lekkas and Mr Despain will participate in the issue of the Incentive Shares.

Regulatory Requirements for Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of a public company without shareholder approval unless the benefit falls within one of various exceptions to the general prohibition. The process for and requirements that need to be met for the convening of the Shareholder's meeting are set out in Chapter 2E of the Corporations Act.

A "related party" for the purposes of the Corporations Act is defined widely and includes a director of a public company, and entities controlled by him or her.

A "financial benefit" for the purposes of the Corporations Act has a very wide meaning. It includes the public company issuing securities to a related party. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and effect of what the public company is doing (rather than just the legal form). Any consideration which is given for the financial benefit is to be disregarded, even if it is full or adequate.

The proposed Resolutions 7 and 8, if passed, will confer a financial benefit on Dalext, an entity associated with Mr Athan Lekkas a Director, and MMEYE LLC, an entity associated with Mr Martin Despain, a Director. Each Director, together with entities controlled by them, is considered a related party of the Company. The Company therefore seeks Shareholder approval in accordance with the requirements of Chapter 2E of the Corporations Act. For this reason and for all other purposes the following information is provided to Shareholders:

- (a) The related party to whom Resolutions 7 and 8 would permit the financial benefit to be given:
 - (1) in respect of Resolution 7, Dalext, an entity associated with a Mr Athan Lekkas, a Director of the Company (or its nominees); and
 - (2) in respect of Resolution 8, MMEYE LLC, an entity associated with Mr Martin Despain, a Director of the Company (or its nominees).
- (b) The nature of the financial benefit

The nature of the proposed financial benefit to be given to each recipient of Shares is the issue of:

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- (1) in respect of Resolution 7: 50,000,000 Lekkas Shares to Dalext or its nominee which are funded pursuant to the XPE Loan Funded Share Plan; and
 - (2) in respect of Resolution 8: 50,000,000 Despain Shares to MMEYE LLC or its nominee which are funded pursuant to the XPE Loan Funded Share Plan.
- (c) Director's interests and other remuneration
- (1) Mr Athan Lekkas, Executive Chair

Mr Athan Lekkas has a material personal interest in the outcome of Resolution 7 as it is proposed that the Lekkas Shares the subject of Resolution 7 be issued to Dalext, a company associated with him, or its nominees.

Excluding the Lekkas Shares that may be issued pursuant to Resolution 7, Mr Athan Lekkas (and entities associated with him) currently holds 57,700,000 Shares in the Company.

Mr Athan Lekkas currently receives remuneration of USD\$362,000 per annum including Board fees from the Company for his services as an executive chair and chief executive officer. Additional relocation and living allowance costs will be paid by the Company under the consultancy agreement to the extent Mr Lekkas is required to relocate to the USA at any time, including reasonable relocation and return expenses, motor vehicle expenses, rent of residence in the USA up to USD\$12,000 per month and health insurance for the Mr Lekkas and his immediate family in the USA.

Mr Lekkas will also be paid the following cash bonuses, subject to remaining engaged by the Company at the time of satisfying the relevant milestone:

- (A) a cash bonus equal to 30% of the annual consultancy fee (being 30% of USD\$362,000) within 20 Business Days of certification by the Board that the Company (on a consolidated basis) has generated and received at least AUD\$2.5million in revenue, during the period commencing on the Milestone Date and ending 24 months after the Milestone Date (**Milestone A**);
- (B) a cash bonus equal to 30% of the annual consultancy fee (being 30% of USD\$362,000) within 20 Business Days of certification by the Board that the Company (on a consolidated basis) has generated and received at least AUD\$5.0million in revenue during the period commencing on the Milestone Date and ending 24 months after the Milestone Date (**Milestone B**); and
- (C) a cash bonus equal to 30% of the annual consultancy fee (being 30% of USD\$362,000) within 20 Business Days of certification by the Board that the Company has raised at least AUD\$5.0million from the placement of shares in the Company during the period commencing on the Milestone Date and ending 24 months after the Milestone Date (**Milestone C**).

For the avoidance of doubt revenue generated and received which is included in respect of the Milestone A calculation will also be included in the Milestone B calculation.

Schedule 2 sets out the effect on Mr Lekkas' direct and indirect holdings in the Company if all of the Lekkas Shares the subject of Resolution 7 are issued to Mr Lekkas pursuant to Resolution 7.

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(2) Mr Martin Despain, Executive Director

Mr Martin Despain has a material personal interest in the outcome of Resolution 8 as it is proposed that the Despain Shares the subject of Resolution 8 be issued to MMEYE LLC, an entity associated with Mr Despain, or its nominees.

Mr Martin Despain (and entities associated with him) does not currently hold any Shares or options in the Company.

Mr Martin Despain currently receives remuneration of USD\$360,000 per annum including Board fees from the Company for his services as a managing director. In addition, the Company will pay a signing bonus in the amount of USD \$80,000, which is repayable if Mr Despain terminates the consultancy agreement for any reason prior to the end of the initial 2 year term. Under the consultancy agreement, Mr Despain is also paid medical insurance of up to USD\$27,000 per annum.

Mr Despain will also be paid the following cash bonuses, subject to remaining engaged by the Company at the time of satisfying the relevant milestone:

- (A) a cash bonus equal to 30% of the annual consultancy fee (being 30% of USD\$360,000) within 20 Business Days of certification by the Board that the Company (on a consolidated basis) has generated and received at least AUD\$2.5million in revenue, during the period commencing on the Despain Commencement Date and ending 24 months after the Despain Commencement Date (**Milestone A**); and
- (B) a cash bonus equal to 30% of the annual consultancy fee (being 30% of USD\$360,000) within 20 Business Days of certification by the Board that the Company (on a consolidated basis) has generated and received at least AUD\$5.0million in revenue during the period commencing on the Despain Commencement Date and ending 24 months after the Despain Commencement Date (**Milestone B**).

For the avoidance of doubt revenue generated and received which is included in respect of the Milestone A calculation will also be included in the Milestone B calculation.

Schedule 2 sets out the effect on Mr Martin Despain's direct and indirect holdings in the Company if all of the Despain Shares the subject of Resolution 8 are issued to Mr Despain pursuant to Resolution 8.

(d) Valuation of Lekkas and Despain Shares

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The Incentive Shares are currently quoted on the ASX and as such will have a tradeable market value.

Based solely on the closing price on the ASX of Shares on 25 October 2016 being multiplied by the number of the Director Incentive Shares, the Incentive Shares had a total indicative market value of \$2,000,000 for each of Dalext and MMEYE LLC. Additionally, the VWAP of the Company's Shares for the 5 trading days between 19 October 2016 and 25 October 2016 was \$0.044 giving the Incentive Shares a total indicative market value of \$2,200,000 using this VWAP. This is equal to the issue price of those Shares. Further details in this regard are set out below:

Director	No. of Shares	Value based on closing price on 25 October 2016 (\$0.04)	Value based on 5 trading day VWAP (\$0.044)	Issue Price (\$0.044)
Mr Athan Lekkas	50,000,000	\$2,000,000	\$2,200,000	\$2,200,000
Mr Martin Despain	50,000,000	\$2,000,000	\$2,200,000	\$2,200,000

As the Incentive Shares will be issued at \$0.044 per Share, this is equal to and does not represent a discount to the VWAP for the 5 trading days between 19 and 25 October 2016.

(e) **Any other information that is reasonably required by Shareholders to make a decision and that is known to the Company or any of its Directors**

There is no other information known to the Company or any of the Directors save and except as follows:

(1) Issue Price

For the offer of Shares on the same terms as under the Plan, the issue price shall be determined by the Board in its absolute discretion calculated at not less than the volume weighted average price at which Shares were traded on the ASX over the 5 trading days up to and including the actual date of making the offer or the Company announcing its intention to make the offer whichever is the earlier.

For this offer of the Incentive Shares on the same terms as under the Plan, the issue price has been set at \$0.044 per Share. The Company acknowledges that the market price for Shares in the Company may be subject to movement between the date that the issue price is determined and the date this Meeting is held.

(2) Market Price movements:

The valuation of the Incentive Shares noted above is based on a market price of the Shares.

There is a possibility that the market price of the Shares on the date of issue of the Incentive Shares will be different to the price noted above and that the market price of the Shares will change up to the date of the Meeting. The effect on the valuation for the Incentive Shares, of movements in the market price of the Shares is set out below:

Market Price	Valuation Total Mr Athan Lekkas	Valuation Total Mr Martin Despain
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Market Price	Valuation Total Mr Athan Lekkas	Valuation Total Mr Martin Despain
	50,000,000 Shares	50,000,000 Shares
\$0.003	\$1,500,000	\$1,500,000
\$0.004	\$2,000,000	\$2,000,000
\$0.005	\$2,500,000	\$2,500,000
\$0.006	\$3,000,000	\$3,000,000
\$0.007	\$3,500,000	\$3,500,000

(3) Trading History of the Shares (over the past 12 months)

The valuation of the Incentive Shares noted above is based on a market price of the Shares.

Set out below is the trading history of the Shares over the past 12 months.

	Market Price Oct 2016	Closing price during prior 6 months	Closing Price during prior 12 months
High	0.042	0.10	0.10
Low	0.04	0.03	0.03

(4) Opportunity Costs

The issue of the Incentive Shares will a dilutionary impact on the Company.

To the extent that the dilutionary impact caused by the exercise of the Lekkas Shares and the Despain Shares into Shares will be detrimental to the Company, this is more than offset by the by the advantages accruing from the Company securing the services of experienced and skilled directors and executives on appropriate incentive terms. It is also considered that the potential increase of value in the Lekkas Shares and the Despain Shares is dependent upon a concomitant increase in the value of the Company generally. The Company will also receive funds equivalent to the issue price of the Incentive Shares in accordance with the terms of the XPE Loan Funded Share Plan.

(5) Taxation Consequences

No stamp duty will be payable in respect of the issue of either the Lekkas Shares or the Despain Shares. No GST will be payable by the Company in respect of the issue of the Lekkas Shares or the Despain Shares (or if it is then it will be recoverable as an input credit).

(6) Dilutionary Effect

Schedule 2 outlines the dilutionary effect on the issued capital of the Company in the following circumstances if all the Lekkas Shares and the Despain Shares are issued to the Mr Athan Lekkas and Mr Martin Despain per Resolutions 7 and 8 respectively.

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9.3 Director Recommendation

Mr Athan Lekkas has an interest in the outcome of Resolution 7. Mr Martin Despain has an interest in the outcome of Resolution 8.

Because of their interests in the outcome of Resolutions 7 and 8, Mr Lekkas and Mr Despain do not make a recommendation in relation to Resolutions 7 and 8.

Based on the information available, including the information contained in this Explanatory Memorandum:

- (a) all of the Directors other than Mr Athan Lekkas and Mr Martin Despain recommend that Shareholders vote in favour of Resolution 7; and
- (b) all of the Directors other than Mr Martin Despain and Mr Athan Lekkas recommend that Shareholders vote in favour of Resolution 8.

10. Resolution 9: Approval to cancel the Existing Performance Shares

10.1 Background

The Company is seeking Shareholder approval pursuant to section 256C(2) and 257D of the Corporations Act to carry out a selective reduction of its share capital by way of a selective buy-back and cancellation of the Existing Performance Shares for nil consideration.

The 150,000,000 Existing Performance Shares were issued to JK Group, an entity associated with Mr John Schultz, a Director of the Company, and Alanticx, an entity associated with Mr Chris Wood on 23 March 2016 as part of the Company's re-listing on ASX and pursuant to the Heads of Agreement under which the Company acquired 100% of Xped Holdings Limited. Shareholder approval for the issue of the Existing Performance Shares was obtained on 4 March 2016. The Existing Performance Shares are currently subject to ASX escrow until 5 April 2018.

As announced on 7 September 2016, the Company entered into two separate deeds with JK Group and Alanticx respectively, pursuant to which JK Group and Alanticx each agreed to the buy-back and cancellation the Existing Performance Shares for nil consideration (**Cancellation Deeds**).

The Cancellation Deeds are subject to the following conditions precedent:

- (a) the Company obtaining all required approvals or consents from ASX to permit the cancellation of the Existing Performance Shares; and
- (b) the Company obtaining all required Shareholder approvals to permit the cancellation of the Existing Performance Shares.

If the above conditions precedent are not satisfied or waived on or before 31 March 2017, the Existing Management Performance Shares will not be bought-back and cancelled.

10.2 ASX approval

On 30 September 2016, the Company sought the approval of ASX to the removal of the ASX mandated escrow on the Existing Performance Shares in order to permit the cancellation to occur. On 24 October 2016, the ASX issued its determination approving the removal of the ASX mandated escrow subject to shareholder approval to the selective capital reduction and buy-back in accordance with sections 256C and 257D of the Corporations Act being obtained.

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10.3 Corporations Act requirements

Section 256B(1) of the Corporations Act provides that a company may reduce its share capital if the reduction:

- (a) is fair and reasonable to the company's shareholders as a whole;
- (b) does not materially prejudice the company's ability to pay its creditors (but this requirement does not apply if the reduction is cancellation of a share for no consideration, such as that contemplated by Resolution 9); and
- (c) is approved by shareholders under section 256C of the Corporations Act.

Similarly, section 257A of the Corporations Act provides that a company may buy back its own shares if:

- (a) the buy-back does not materially prejudice the company's ability to pay its creditors; and
- (b) the company follows the procedures outlined in Part 2J.1 Division 2 of the Corporations Act.

Section 256C of the Corporations Act provides that a company may make a selective reduction of its share capital if it is approved by either:

- (a) a Special Resolution passed at a general meeting of the Company, with no votes being cast in favour of the resolution by any person who is to receive consideration as part of the reduction or whose liability to pay amounts unpaid on shares is to be reduced, or by their associates; or
- (b) a resolution agreed to, at a general meeting by all ordinary Shareholders.

Section 257D of the Corporations Act requires that:

- (a) the terms of a buy-back agreement must be approved before it is entered into by a Special Resolution passed at a general meeting of the company, with no votes being cast in favour of the resolution by any person whose shares are proposed to be bought back or by their associates;
- (b) a resolution agreed to, at a general meeting, by all ordinary shareholders; or
- (c) the agreement must be conditional on such an approval.

As noted above, the Cancellation Deed entered into is subject to the Company obtaining the requisite approval of its Shareholders as required by section 257D of the Corporations Act.

The Company is required to include a statement with this Notice setting out all information known to the Company that is material to the decision on how to vote on the resolution. However, the Company information if it would be unreasonable to require the Company to do so because the Company had previously disclosed the information to shareholders.

The Board is of the view that the buy-back and cancellation of the Existing Performance Shares, as contemplated by Resolution 9, is fair and reasonable to Shareholders as a whole for the following reasons:

- (a) the buy-back and cancellation is for nil consideration;
- (b) the capital reduction will only result in the buy-back and cancellation of the Existing Performance Shares;

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- (c) none of the Existing Performance Shares had been converted into Shares and accordingly the Share capital of the Company remains unchanged with regard to the Existing Performance Shares; and
- (d) the reduction in capital, buy-back and cancellation of the Existing Performance Shares will not prejudice the Company's ability to pay its creditors given it is for nil consideration.
- (e) subject to the passing of Resolutions 6, 7 and 8, the Company proposes to issue the Lekkas Shares and the Despain Shares in order to see the value proposition of the Company be reached. While it is noted that Resolutions 6 – 9 (inclusive) are not conditional on each other being passed, in the event that Resolution 9 is passed and the buy back and cancellation of the Existing Performance Shares takes place, the issue of the Incentive Shares (under Resolutions 7 and 8) will add no further dilution to existing Shareholders.

The Board does not consider that there are any material disadvantages to the Company undertaking the selective capital reduction and buying back and cancelling the Existing Performance Shares for nil consideration.

10.4 Effect of cancellation

The overall effect of the selective capital reduction and cancellation of the Existing Performance Shares is as follows:

Existing Capital Structure	Number
Total Shares on issue (including 512,360,240 currently subject to escrow)	2,084,716,668
Unquoted Options on issue (exercisable between \$0.07 - \$1.50, expiring between 15.12.2016 and 30.03.2018)	31,100,000
Existing Performance Shares on issue	150,000,000
After Selective Reduction of Capital*	Number
Total Shares on issue (including 512,360,240 currently subject to escrow)	2,084,716,668
Unquoted Options on issue (exercisable between \$0.07 - \$1.50, expiring between 15.12.2016 and 30.03.2018)	31,100,000

**Subject to the passing of Resolutions 7 and 8 100,000,000 Incentive Shares are proposed to be issued, comprising the Lekkas Shares and the Despain Shares.*

The primary effect to the Company's existing share capital is that 150,000,000 Existing Performance Shares will be cancelled pursuant to Resolution 9. In the event that Resolutions 7 and 8 are passed, the Incentive Shares are proposed to be issued comprising the Lekkas Shares and the Despain Shares. It should be noted however, that Resolutions 7 – 9 (inclusive) are not conditional on each other being passed, however Resolutions 7 and 8 are conditional upon Resolution 6 being passed.

There will be no impact on the number of Shares or options to subscribe for Shares currently on issue.

The Existing Performance Shares do not carry voting rights at general meetings of Shareholders until they are converted into Shares. As noted above, as at the date of this Notice, no Existing Performance Shares have been converted into Shares. Accordingly if the

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selective reduction of capital and cancellation of the Existing Performance Shares proceeds, it will not impact the percentage of shareholding of holders of Shares in the Company, nor affect the voting power of Shareholders.

10.5 **Timing for buy-back and cancellation**

Subject to all conditions to the Cancellation Deed being met, the Existing Performance Shares will be bought back and cancelled (for nil consideration) within two business days after the later of satisfaction of all conditions and 14 days having passed following lodgement of all required forms with ASIC pursuant to section 256C of the Corporations Act.

10.6 **Other material information**

There is no other information material to the making of a decision by a Shareholder whether or not to approve Resolution 9, being information that is known to any of the Directors and which has not been previously disclosed to Shareholders.

10.7 **Directors recommendations**

Mr John Schultz and Mr Chris Wood each have an interest in the outcome of Resolution 9. Because of their interest in the outcome, Mr Schultz and Mr Wood each do not make a recommendation in relation to Resolution 9.

Based on the information available, including the information contained in this Explanatory Memorandum all of the Directors, other than Mr John Schultz and Mr Chris Wood, recommend that Shareholders vote in favour of Resolution 9.

11. **Resolution 10: Approval for issue of securities under Listing Rule 7.1A**

11.1 **Introduction**

Pursuant to Resolution 10, the Company is seeking Shareholder approval to issue an additional 10% of issued capital over a 12 month period pursuant to Listing Rule 7.1A. If passed, this resolution will allow the Company to allot and issue up to the number of new Equity Securities calculated in accordance with Listing Rule 7.1A.2 (**Placement Securities**) each at an issue price of at least 75% of the volume weighted average price (**VWAP**) for the Company's Equity Securities in that class (calculated over the last 15 days on which trades in the Equity Securities are recorded immediately before the date on which the price at which the Placement Securities are to be issued is agreed, or if the Placement Securities are not issued within five trading days of that date, the date on which the Placement Securities are issued) (**Issue Price**).

This approval is sought pursuant to Listing Rule 7.1A. Under Listing Rule 7.1A, small and mid cap listed entities that meet the eligibility threshold and have obtained the approval of their ordinary shareholders by special resolution at the annual general meeting, are permitted to issue an additional 10% of issued capital over a 12 month period from the date of the annual general meeting (**Additional 10% Placement**). The Additional 10% Placement under Listing Rule 7.1A is in addition to the ability of the Company to issue 15% of its issued capital without shareholder approval over a 12 month period pursuant to Listing Rule 7.1. The Company may issue the Placement Securities to raise funds for the Company and as non-cash consideration (further details of which are set out below). Funds raised from the issue of Placement Securities, if undertaken, would be applied towards its existing business, review and development of new business opportunities and to provide working capital to the Company.

The Directors of the Company unanimously recommend that shareholders vote in favour of Resolution 10.

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11.2 Listing Rule 7.1A

(a) General

(1) Eligibility

An entity is eligible to undertake an Additional 10% Placement if at the time of its annual general meeting it has a market capitalisation of \$300 million or less and it is not included in the S&P/ASX300 Index.

For illustrative purposes only, on 25 October 2016, the Company's market capitalisation was \$83,388,666.72 based on the closing trading price on that date. The calculation of market capitalisation will be based on the closing price of the shares, on the last trading day on which trades in the shares were recorded before the date of the AGM, multiplied by the number of shares on issue (excluding restricted securities and securities quoted on a deferred settlement basis).

The Company is also not included in the S&P/ASX300 Index as at the time of this AGM, however, it should be noted that the S&P/ASX300 Index is rebalanced twice a year in March and September.

The Company is therefore an Eligible Entity and able to undertake an Additional 10% Placement under Listing Rule 7.1A.

In the event that the Company for any reason ceases to be an Eligible Entity after the Company has already obtained shareholders' approval pursuant to this Resolution 10, the approval obtained will not lapse and the Company will still be entitled to issue the Placement Securities.

(2) Special Resolution

Listing Rule 7.1A requires this Resolution 10 to be passed as a Special Resolution, which means that it must be passed by at least 75% of the votes cast by members entitled to vote on the resolution. Pursuant to Listing Rule 7.1A, no Placement Securities will be issued until and unless this Special Resolution is passed at the meeting.

(3) Shareholder approval

The ability to issue the Placement Securities is conditional upon the Company obtaining shareholder approval by way of a Special Resolution at the meeting.

(b) 10% Placement Period - Listing Rule 7.1A.1

Assuming Resolution 10 is passed, Shareholder approval of the Additional 10% Placement under Listing Rule 7.1A is valid from the date of the AGM and expires on the earlier to occur of:

- (1) the date that is 12 months after the date of the AGM; or
- (2) the date of the approval by shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX.

If approval is given for the issue of the Placement Securities then the approval will expire, on 30 November 2017, unless Shareholder approval is granted pursuant to Listing Rules 11.1.2 or 11.2 prior to that date.

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(c) **Calculation for Additional 10% Placement - Listing Rule 7.1A.2**

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:

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

Where:

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

- (1) plus the number of fully paid ordinary securities issued in the 12 months under an exception in Listing Rule 7.2;
- (2) plus the number of partly paid ordinary securities that became fully paid in the 12 months;
- (3) plus the number of fully paid ordinary securities issued in the 12 months with approval of holders of ordinary securities under Listing Rules 7.1 or 7.4 (but note that this does not include an issue of fully paid ordinary securities under the entity's 15% placement capacity without shareholder approval); and
- (4) less the number of fully paid ordinary securities cancelled in the 12 months.

D is 10 percent.

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 Rules 7.1 or 7.4.

(d) **Listing Rule 7.1A.3**

(1) **Equity Securities**

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

As at the date of this notice of meeting, the classes of Equity Securities in the Company quoted on the ASX are Shares. The Company presently has 2,084,716,668 shares on issue at the date of this Notice of Meeting.

(2) **Minimum Issue Price**

The issue price for the Placement 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:

- (A) the date on which the price at which the relevant Placement Securities are to be issued is agreed; or
- (B) if the relevant Placement Securities are not issued within five trading days of the date in paragraph (A) above, the date on which the relevant Placement Securities are issued.

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(e) **Information to be given to ASX - Listing Rule 7.1A.4**

If Resolution 10 is passed and the Company issues any Placement Securities under Listing Rule 7.1A, the Company will give to ASX:

- (1) a list of allottees of the Placement Securities and the number of Placement Securities allotted to each (this list will not be released to the market); and
- (2) the following information required by rule 3.10.5A, which will be released to the market on the date of issue:
 - (A) details of the dilution to the existing holders of Equity Securities caused by the issue;
 - (B) where the Equity Securities are issued for cash consideration, a statement of the reasons why the Company issued the Equity Securities as a placement under rule 7.1A and not as (or in addition to) a pro rata issue or other type of issue in which existing shareholders would have been eligible to participate;
 - (C) details of any underwriting arrangements, including any fees payable to the underwriter; and
 - (D) any other fees or costs incurred in connection with the issue.

(f) **Listing Rules 7.1 and 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.

At the date of this Notice of Meeting, the Company has on issue 2,084,716,668 Shares. The Company will have the capacity to issue the following shares on the date of the Meeting:

- (1) 312,707,500 Shares under Listing Rule 7.1 (assuming Resolutions 12 and 13 are passed); and
- (2) subject to shareholder approval being obtained under Resolution 10 and assuming Resolutions 12 and 13 are passed, 208,471,666 Shares under Listing Rule 7.1A.

We note that the Company has agreed to issue \$500,000 worth of Shares to the vendor of Jackson Care Technologies Pty Ltd ACN 102 545 906 to be issued in July 2017 at the 14 day VWAP prior to issue subject to existing conditions being met. Assuming a price of \$0.04 is adopted (being the closing price on 25 October 2016), this would equate to 12,500,000 Shares, however, the ultimate number of Shares will not be known until the date of issue. As such, this figure has not been included in these calculations.

The actual number of Equity Securities that the Company will have the 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 (as described above).

11.3 **Specific Information required by Listing Rule 7.3A**

(a) **Minimum Price of securities issued under Listing Rule 7.1A - Listing Rule 7.3A.1**

Pursuant to and in accordance with Listing Rule 7.1A.3, the Placement Securities issued pursuant to approval under Listing Rule 7.1A must have an issue price of not

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less than 75% of the VWAP for the Equity Securities over the 15 trading days immediately before:

- (1) the date on which the price at which the Placement Securities are to be issued is agreed; or
- (2) if the Placement Securities are not issued within five trading days of the date in paragraph (1) above, the date on which the Placement Securities are issued.

The Company will disclose to the ASX the issue price on the date of issue of the Placement Securities.

(b) Risk of economic and voting dilution - Listing Rule 7.3A.2

As provided by Listing Rule 7.3A.2, if Resolution 10 is passed and the Company issues the Placement Securities, there is a risk of economic and voting dilution to the existing Shareholders. The Company currently has on issue 2,084,716,668 shares. The Company could issue 208,471,666 Shares on the date of the meeting (however, it is important to note that the exact number of Equity Securities which may be issued will be calculated in accordance with the formula contained in Listing Rule 7.1A.2 details of which are set out above). Any issue of Placement Securities will have a dilutive effect on existing Shareholders.

There is a specific risk that:

- (1) the Market Price for the Company's Equity Securities may be significantly lower on the date of the issue of any Placement Securities than it is on the date of the meeting; and
- (2) the Placement 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 or the value of the Placement Securities.

As required by Listing Rule 7.3A.2, Table 1 below shows the potential economic and voting dilution effect, in circumstances where the issued share capital has doubled and the Market Price of the shares has halved. Table 1 also shows additional scenarios in which the issued share capital has increased (by both 50% and 100%) and the Market Price of the shares has:

- decreased by 50%; and
- increased by 100%.

Table 1

Issued Share Capital	50% decrease in Market Price \$0.02		Current Market Price \$0.040		100% increase in Market Price \$0.080	
	Full 10 % Voting Dilution	Capital Raised	Full 10 % Voting Dilution	Capital Raised	Full 10 % Voting Dilution	Capital Raised

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Present Issued Share Capital = 2,084,716,668 shares	208,471,666	\$4,169,433	208,471,666	\$8,338,867	208,471,666	\$16,677,733
50% Increase in Share Capital = 3,127,075,002 shares	312,707,500	\$6,254,150	312,707,500	\$12,508,300	312,707,500	\$25,016,600
100% Increase in Share Capital = 4,169,433,336 shares	416,943,333	\$8,338,867	416,943,336	\$16,677,733	416,943,333	\$33,355,467

Assumptions and explanations

- The Market Price is \$0.04 based on the closing price of the Shares on ASX on 25 October 2016
- The above table only shows the dilutionary effect based on the issue of the Placement Securities (assuming only shares are issued), and not any shares issued under the 15% under Listing Rule 7.1.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue.
- The Company issues the maximum number of Placement Securities.
- The issued share capital has been calculated in accordance with the formula in Listing Rule 7.1A(2) as at 25 October 2016.
- The issue price of the Placement Securities used in the table is the same as the Market Price and does not take into account the discount to the Market Price (if any).

(c) Final date for issue - Listing Rule 7.3A.3

As required by Listing Rule 7.3A.3, the Company will only issue and allot the Placement Securities during the 12 months after the date of this Meeting which the Company anticipates will end on 30 November 2017. The approval under Resolution 10 for the issue of the Placement 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 of the Company) or Listing Rule 11.2 (the disposal of the main undertaking of the Company) before the anniversary of the AGM.

(d) Purpose - Listing Rule 7.3A.4

As noted above, the purpose for which the Placement Securities may be issued include to raise funds for the Company and as non-cash consideration (further details of which are set out below). Funds raised from the issue of Placement Securities, if undertaken, would be applied towards its existing business, review and development of new business opportunities and to provide working capital to the Company.

(e) Shares Issued for Non-cash consideration - Listing Rule 7.3A.4

The Company may issue Placement Securities for non-cash consideration, such as the acquisition of new assets or investments or payment for services. If the Company

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issues Placement Securities for non-cash consideration, the Company will release to the market a valuation of the non-cash consideration that demonstrates that the issue price of the Placement Securities complies with Listing Rule 7.1A.3.

(f) **Company's Allocation Policy - Listing Rule 7.3A.5**

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

- (1) the methods of raising funds that are available to the Company including, but not limited to, rights issue or other issue in which existing shareholders can participate;
- (2) the effect of the issue of the Placement Securities on the control of the Company;
- (3) the financial situation and solvency of the Company; and
- (4) advice from corporate, financial and broking advisers (if applicable).

The allottees of the Placement Securities have not been determined as at the date of this Notice but may include existing substantial Shareholders and 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 assets or investments for which Placement Securities are issued as consideration, it is likely that the allottees of some of the Placement Securities will be the vendors of the new assets or investments.

(g) **Company has previously obtained shareholder approval under listing rule 7.1A**

As the Company has previously obtained Shareholder approval under Listing Rule 7.1A, the following information is provided to Shareholders, in accordance with Listing Rule 7.3A.6 regarding the Equity Securities issued in the previous 12 months preceding the date of the AGM (that is, since 30 November 2015).

Listing Rule 7.3A.6(a): Total Equity Securities issued in previous 12 months

Listing Rule 7.3A.6(a)	Shares
Number of Equity Securities on issue at commencement of 12 month period	712,276,451
Equity Securities issued in prior 12 month period	1,372,440,217
Percentage previous issues represent of total number of Equity Securities on issue at commencement of 12 month period	192.68%

Listing Rule 7.3A.6(b): Details of equity securities issued in the 12 months prior to the date of the Meeting are set out in Schedule 4.

11.4 Directors recommendations

The Directors of the Company unanimously recommend that shareholders vote in favour of Resolution 10.

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12. Resolution 11: Approval to issue Future Placement Shares

12.1 Introduction

Resolution 11 seeks Shareholder approval to issue up to \$25,000,000 worth of new Shares (**Future Placement Shares**) at an issue price per Share of not less than 80% of the volume weighted average market price of the Shares calculated over the last 5 days on which sales in the Shares were recorded before the day on which the Future Placement Shares are issued to various unrelated sophisticated, professional or other investors that fall within one or more of the classes of exemptions specified in section 708 of the Corporations Act.

The funds raised by the issue of the Future Placement Shares will be used by the Company to provide working and investment capital to the Company. At this stage the Company has not committed to undertaking the issue of the Future Placement Shares, nor the price at which the Future Placement Shares will be issued. However, pursuant to Resolution 11 the Company is seeking the approval of Shareholders to provide it with flexibility to undertake the placement within three (3) months following the Meeting.

12.2 ASX Listing Rule 7.1

In accordance with Listing Rule 7.1, Shareholder approval is sought for the issue of the Future Placement Shares to one or more unrelated sophisticated, professional or other investors that fall within one or more of the classes of exemptions specified in section 708 of the Corporations Act.

Listing Rule 7.1 prohibits a company, except in certain cases, from issuing new equity securities equivalent in number to more than 15% of its capital in any 12 month period without the prior approval of its shareholders. Equity securities issued with shareholder approval under Listing Rules 7.1 or 7.4 do not count towards the 15% limit under Listing Rule 7.1 or the 10% limit under Listing Rule 7.1A.

By passing Resolution 11, the Company will be permitted to issue the Future Placement Shares during the 3 months after the meeting without using the Company's placement capacity pursuant to Listing Rule 7.1.

For the purposes of Listing Rule 7.3, the Company provides the following information:

Maximum Number of securities to be issued	Up to \$25,000,000 worth of Future Placement Shares may be issued within three months after the date of the Meeting. The number of Future Placement Shares to be issued will be determined by dividing the value of the placement by the issue price of the Future Placement Shares (as determined by the Directors subject to the parameters set out below).
Date by which the Company will issue the securities	The Future Placement Shares will be issued within three months after the date of the Meeting. Future Placement Shares will be issued progressively.
Issue price of the securities	The Future Placement Shares will be issued for an issue price per Future Placement Share to be determined by the Directors, which shall be not less than 80% of the volume weighted average market price of the Shares calculated over the last 5 days on which sales in the Shares were recorded before the day on which the Future Placement Shares are issued.
Recipients of the securities	The Future Placement Shares will be issued to one or more unrelated sophisticated, professional or other investors that fall within one or more of the classes of exemptions specified in section 708 of the Corporations Act. The Future Placement Shares will not be issued to any recipient who, upon such issue, and in combination with that

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	recipient's associates, would have a Relevant Interest in excess of 19.99% of the Shares in the Company, unless further Shareholder approval is obtained or the issue of Future Placement Shares to that recipient otherwise complies with Chapter 6 of the Corporations Act.
Terms of the securities to be issued	The Future Placement Shares issued will be fully paid ordinary shares and rank equally with all other existing Shares presently on issue.
Intended use of funds	The funds raised from the issue of the Future Placement Shares (up to \$25,000,000) are intended to be used for working and investment capital.

12.3 Director Recommendation

The Board recommends that Shareholders vote in favour of this Ordinary Resolution.

13. Resolution 12: Ratification of Seneca Options

13.1 Introduction

As announced on 7 September 2016 the Company issued Options to Seneca or its nominees as part of the Company's incentive package to Seneca as the newly appointed exclusive corporate advisors to the Company. In this regard, 30,000,000 Options were issued on 7 September 2016 with an exercise price of \$0.05 each expiring on 7 September 2017 (**Seneca Options**).

13.2 ASX Listing Rule 7.4

In accordance with Listing Rule 7.4, Shareholder approval is sought to ratify the issue and allotment of the Seneca Options, being issues of securities made by the Company on 7 September 2016 for which shareholder approval has not already been obtained.

Listing Rule 7.1 prohibits a company, except in certain cases, from issuing new equity securities equivalent in number to more than 15% of its capital in any 12 month period without the prior approval of its shareholders. Equity securities issued with shareholder approval under Listing Rules 7.1 or 7.4 do not count towards the 15% limit under Listing Rule 7.1 or the 10% limit under Listing Rule 7.1A.

Listing Rule 7.4 provides that an issue of securities made without prior approval under Listing Rule 7.1 can be treated as having been made with that approval if shareholders subsequently approve it.

If Resolution 12 is approved it will have the effect of refreshing the Company's ability, to the extent of the Seneca Options, to issue further capital during the next 12 months pursuant to Listing Rule 7.1 without the need to obtain further Shareholder approval (subject to the Listing Rules and the Corporations Act). If Resolution 12 is not passed, the Seneca Options will be counted toward the 15% limit pursuant to Listing Rule 7.1 for a period of 12 months from the date of issue.

For the purposes of ASX Listing Rule 7.5, the Company advises:

Number of securities issued	30,000,000 Seneca Options were issued.
Date the Company issued the securities	The Seneca Options were issued on 7 September 2016.

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Issue price of the securities	The issue price is nil.
Recipients of the securities	Seneca or its nominees (being unrelated sophisticated, professional or other investors that fall within one or more of the classes of exemptions specified in section 708 of the Corporations Act).
Terms of the Issued Securities	Refer to Schedule 3.
Intended use of funds	There were no funds raised by the issue of the Seneca Options.

13.3 Director Recommendation

The Board recommends that Shareholders vote in favour of this Ordinary Resolution.

14. Resolution 13: Ratification of KTM Capital Shares

14.1 Introduction

As announced on 7 September 2016 the Company issued Shares to its former corporate advisor, KTM Capital, or the nominees of KTM Capital. In this regard, 10,000,000 Shares were issued on 7 September 2016 in consideration for the termination of the mandate in place between KTM Capital and the Company and all ongoing obligations owed by the Company to KTM Capital under the mandate (**KTM Capital Shares**).

14.2 ASX Listing Rule 7.4

In accordance with Listing Rule 7.4, Shareholder approval is sought to ratify the issue and allotment of the KTM Capital Shares, being issues of securities made by the Company on 7 September 2016 for which shareholder approval has not already been obtained.

Listing Rule 7.1 prohibits a company, except in certain cases, from issuing new equity securities equivalent in number to more than 15% of its capital in any 12 month period without the prior approval of its shareholders. Equity securities issued with shareholder approval under Listing Rules 7.1 or 7.4 do not count towards the 15% limit under Listing Rule 7.1 or the 10% limit under Listing Rule 7.1A.

Listing Rule 7.4 provides that an issue of securities made without prior approval under Listing Rule 7.1 can be treated as having been made with that approval if shareholders subsequently approve it.

If Resolution 13 is approved it will have the effect of refreshing the Company's ability, to the extent of the KTM Capital Shares, to issue further capital during the next 12 months pursuant to Listing Rule 7.1 without the need to obtain further Shareholder approval (subject to the Listing Rules and the Corporations Act). If Resolution 13 is not passed, the KTM Capital Shares will be counted toward the 15% limit pursuant to Listing Rule 7.1 for a period of 12 months from the date of issue.

For the purposes of ASX Listing Rule 7.5, the Company advises:

Number of securities issued	10,000,000 KTM Capital Shares were issued.
Date the Company issued	The KTM Capital Shares were issued on 7 September 2016.

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the securities	
Issue price of the securities	The issue price is nil.
Recipients of the securities	KTM Capital or its nominees (being unrelated sophisticated, professional or other investors that fall within one or more of the classes of exemptions specified in section 708 of the Corporations Act).
Terms of the Issued Securities	The KTM Capital Shares are fully paid ordinary shares and rank equally with all other existing Shares presently on issue. The KTM Capital Shares are subject to 12 months voluntary escrow.
Intended use of funds	There were no funds raised by the issue of the KTM Capital Shares.

14.3 Director Recommendation

The Board recommends that Shareholders vote in favour of this Ordinary Resolution.

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15. Interpretation

Advisory Resolution means a Resolution which, the result of voting by Shareholders, does not bind the Company or the Directors.

Alanticx means Alanticx Technologies Pty Ltd ACN 008 290 131 as trustee for the Alanticx Trust.

Annual Report means the document entitled 'Annual Financial Report – Financial Year Ended June 2016' of the Company announced on 29 September.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 or the Australian Securities Exchange.

Board means the board of directors of the Company.

Cancellation Deed means the deeds entered into with Xped and each of JK Group and Alanticx respectively, dated 7 September 2016, pursuant to which JK Group and Alanticx agreed to the buy-back and cancellation of the Existing Performance Shares for nil consideration.

Closely Related Party (as defined in the Corporations Act) of a member of the Key Management Personnel for an entity means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the regulations for the purposes of this definition;

Company means Xped Limited ACN 122 203 196.

Constitution means the constitution of the Company from time to time.

Corporations Act means the *Corporations Act 2001* (Cth) as amended, varied or replaced from time to time.

Dalex means Dalex Pty Ltd ACN 104 170 283.

Despain Shares has the meaning given to that term in the Notice of Meeting in respect of Resolution 8 (being 50,000,000 Shares issued pursuant to the XPE Loan Funded Share Plan).

Director means a director of the Company.

Directors' Report means the document dated 29 September 2016 entitled 'Directors' Report' contained within pages 2 to 14 of the Annual Report.

Equity Securities has the meaning given to that term in the Listing Rules.

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Existing Performance Shares means the performance shares approved by shareholders at the extraordinary general meeting held by the Company on 4 March 2016 and issued to JK Group and Alantix on 23 March 2016, details of which were set out in the Prospectus dated 18 January 2016.

Explanatory Memorandum means this explanatory memorandum accompanying the Notice of Meeting.

Future Placement Shares has the meaning given to that term in the Notice of Meeting in respect of Resolution 11.

Heads of Agreement means the heads of agreement entered into between the Company and the Majority Shareholders on or about 26 October 2015 (as varied), with respect of the acquisition of all of the issued capital of Xped Holdings Limited ACN 132 435 342.

Incentive Shares means the Lekkas Shares and the Despain Shares issued under the Plan.

JK Group means JK Group Australia Pty Ltd ACN 132 382 597 as trustee for the JK Family Trust;

Key Management Personnel has the definition given in the accounting standards as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity.

KTM Capital means KTM Capital Pty Ltd ACN 086 281 950.

KTM Capital Shares has the meaning given to that term in the Notice of Meeting in respect of Resolution 13.

Lekkas Shares has the meaning given to that term in the Notice of Meeting in respect of Resolution 7 (being 50,000,000 Shares issued pursuant to the XPE Loan Funded Share Plan).

Listing Rule means the official listing rules of the ASX as amended from time to time.

Market Price has the meaning given to that term in the Listing Rules.

Meeting or **Annual General Meeting** means the annual general meeting to be held on 30 November 2016.

Milestone Date means 19 September 2016.

Notice of Meeting or **Notice** means the notice of meeting giving notice to shareholders of the Meeting, accompanying this Explanatory Memorandum.

Options means options to subscribe for Shares.

Ordinary Resolution means a resolution passed by more than 50% of the votes cast at a general meeting of shareholders.

Remuneration Report means the document dated 29 September 2016 entitled 'Remuneration Report' contained within pages 9 to 13 of the Annual Report.

Resolution means a resolution proposed at the Meeting.

Seneca means Seneca Financial Solutions Pty Ltd ACN 610 665 711;

Seneca Options has the meaning given to that term in the Notice of Meeting in respect of Resolution 13.

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Share means an ordinary fully paid share in the issued capital of the Company;

Shareholder means a holder of Shares in the Company.

Special Resolution means a Resolution:

- (a) of which notice has been given as set out in paragraph 249L(1)(c) of the Corporations Act; and
- (b) that has been passed by at least 75% of the votes cast by members entitled to vote on the Resolution.

XPE Loan Funded Share Plan or **Plan** means the loan funded share plan the subject of Resolution 6, as amended from time to time.

Any inquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to Julie Edwards (**Company Secretary**):

Level 6 412 Collins Street
Melbourne VIC 3000
Telephone: 03 9642 0655
Facsimile: 03 9642 5177

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Schedule 1 - Terms of XPE Loan Funded Share Plan

Plan Rules

1. **Eligibility:** Eligibility to participate in the Loan Plan and the number of Shares that can be acquired by each participant will be determined by the Board. Offers may be made at the Board's discretion to employees of the Company or any other person that the Board determines to be eligible to receive a grant under the Loan Plan (**Participant**).
2. **Advance of Loan Amount:** The loan provided to Participants by the Company can only be used to acquire Shares under the Loan Plan (**Loan**).
3. **Limitation on size of the Plan:** Participation in the Loan Plan will be limited to 15% of the total number of issued Shares in the Company.
4. **Offers:** The Board has the discretion to set the terms and conditions on which it will offer Shares acquired using the Loan in the individual Offer documents. Offers will be in writing and state, among other things, the number of Shares under the Offer, the amount of the Loan and applicable Vesting Conditions.
5. **Acquisition of Shares:** When the Participant accepts the Offer and the Loan terms, the amount representing the acquisition price will be applied to fund the acquisition of the Shares. The Company is then required to arrange for the Shares to be provided to the Participant by way of an allotment and issue, by acquiring the Shares on-market, by transfer or other means.
6. **Corporate Control Event:** Where a 'Corporate Control Event' occurs, 'Unvested Shares' may become 'Vested Shares'.
7. **Restrictions on Disposal:** Shares acquired under the Loan Plan cannot be disposed of or dealt with (other than under the Loan terms) until the Vesting Conditions are satisfied.
8. **Rights attaching to Shares:** Subject to the terms of the Offer or the Loan terms, Participants will be entitled to:
 - (a) exercise any voting rights attaching to any Shares acquired under the Loan Plan;
 - (b) receive any distributions paid on the Shares acquired under the Loan Plan; and
 - (c) participate in any rights issues of Shares made by the Company.

The Loan Plan and Loan terms will also apply to any bonus Shares that the Company issues to Participants in relation to Shares acquired under the Loan Plan.

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9. **Powers of Plan Committee and the Board:** The Plan Committee broadly has the power to administer the Loan Plan, establish policies and procedures in respect of the Loan Plan and resolve questions of construction of the Loan Plan.
10. **Amendments to Loan Plan:** The Board has broad powers to amend the rules governing the Loan Plan and any Offer made under the Loan Plan in specified circumstances and where the amendment does not materially adversely affect the rights of Participants. While the Shares are listed on the ASX, amendments to the rules governing the Loan Plan must be made in accordance with the Listing Rules (or any waiver).

Loan Terms

11. **Termination or suspension of the Loan Plan:** The Plan Committee may terminate or suspend the Loan Plan at any time provided that it does not materially affect or materially prejudice the rights of Participants.
12. **Purpose of Loan:** The Participant can only use the Loan to pay the acquisition price for Shares acquired under the Loan Plan.
13. **Conditions precedent to advance:** A Loan advance will not be provided until the Company has received a properly completed drawdown Notice and Acceptance Form executed by the Participant.
14. **Drawdown Notice:** When the Drawdown Notice is provided by the Participant, the Participant requests the Loan be advanced, agrees to be bound by the Loan facility and the Participant directs the Loan be applied to fund the acquisition of the Shares.
15. **Security:** Under the Loan terms, the Participant grants a security interest in the Shares to secure payment of the Loan and for performance of the Participant's obligations under the Loan. To the extent that a security interest is created under the Personal Property Securities Act 2009 (Cth) (PPSA), the Participant consents to the Company registering the interest with the PPSA.
16. **Nature of the Loan:** The Loan is interest free (unless otherwise determined by the Board).
17. **Distributions:** Any dividends paid on the Shares while any part of the Loan remains outstanding (on a notional after-tax basis) will be applied towards repaying the Loan. The balance of the dividend is paid directly to the participant to fund his or her tax liability on the dividends paid. Capital distributions will also be applied towards repaying the Loan.
18. **Repayment and limited recourse:** The Loan is a limited recourse 5 year loan. That is, at the relevant repayment time the Participant is required to repay the lesser of the outstanding principal and the market value of the Shares at that time. The timing of repayment can differ depending on whether a Participant ceases employment and whether the applicable Vesting Conditions have been satisfied.

Where the market value of the Shares is repayable, the Participant forfeits the Shares. The Participant may also elect to voluntarily forfeit the Shares at any time. As soon as practicable

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after the Shares are forfeited, the Company must either sell those Shares, buy back and cancel those Shares or deal with them in any other manner determined by the Company. No consideration is payable to a Participant where their Shares are forfeited.

19. **Prepayment:** A Participant can repay the principal outstanding at any time. Where a Participant sells their Shares, they must apply the proceeds of sale in repayment of any principal outstanding under the Loan.

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Schedule 2 – Directors' direct and indirect holdings

1. Athan Lekkas direct and indirect holdings

Director	Current holdings	%	On issue of Lekkas Shares	%
Athan Lekkas ¹	57,700,000	2.77%	107,700,000 ²	5.05%
Other Shareholders	2,027,016,668	97.23%	2,027,016,668 ⁴	94.95%
Total	2,084,716,668 ³	100%	2,134,716,668	100%

Notes

¹ Includes the interests and holdings of entities associated with Athan Lekkas.

² This assumes that Resolution 7 is passed and the Lekkas Shares are issued in full.

³ This figure is at 25 October 2016 and assumes that no other Shares are issued and no other Options are exercised into Shares.

⁴ This figure assumes that only the Lekkas Shares are issued in full, that no other Shares are issued and no other Options are exercised.

2. Martin Despain direct and indirect holdings

Director	Current holdings	%	On issue of Despain Shares	%
Martin Despain ¹	Nil	0%	50,000,000 ²	2.34%
Other Shareholders	2,084,716,668	100%	2,084,716,668 ⁴	97.66%
Total	2,084,716,668 ³	100%	2,134,716,668	100%

Notes

¹ Includes the interests and holdings of entities associated with Martin Despain.

² This assumes that Resolution 8 is passed and the Despain Shares are issued in full.

³ This figure is at 25 October 2016 and assumes that no other Shares are issued and no Options are exercised.

⁴ This figure assumes that only the Despain Shares are issued in full, that no other Shares are issued and no other Options are exercised.

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Schedule 3 Terms of Seneca Options

1. The Seneca Options shall be issued for no cash consideration.
2. The Seneca Options will have an Exercise Price of 1.45 times the VWAP 5 trading days preceding the Seneca Options' issue, being \$0.05 (**Exercise Price**).
3. The Seneca Options will have an expiry date of 12 months from date of issuance (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
4. The Seneca Options are exercisable at any time wholly or in part on or prior to the Expiry Date by delivering a duly completed form of notice of exercise together with a cheque for the Exercise Price per Option to the Company at any time on or after the date of issue of the Options and on or before the Expiry Date.
5. Each Seneca Option entitles the holder to subscribe for one Share of the Company upon exercise.
6. The Seneca Options are transferrable subject to any restriction imposed by ASX or under applicable Australian securities laws.
7. The Shares issued on exercise of the Seneca Options will rank equally with the then issued Shares of the Company.
8. Seneca Option holders do not have any right to participate in new issues of securities in the Company made to shareholders generally. The Company will, where required pursuant to the ASX Listing Rules, provide Seneca Option holders with notice prior to the books record date (to determine entitlements to any new issue of securities made to shareholders generally) to exercise the Seneca Options, in accordance with the requirements of the Listing Rules.
9. Seneca Option holders do not participate in any dividends unless the Seneca Options are exercised and the resultant Shares are issued prior to the record date to determine entitlements to the dividend.
10. In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:
 - (a) the number of Seneca Options, the Exercise Price, or both will be reconstructed (as appropriate) in a manner consistent with the ASX Listing Rules as applicable at the time of reconstruction, but with the intention that such reconstruction will not result in any benefits being conferred on the holders of the Seneca Options which are not conferred on Shareholders; and
 - (b) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of Shareholders approving a reconstruction of capital, in all other respects the terms for the exercise of the Seneca Options will remain unchanged.

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11. If there is a pro rata issue (except a bonus issue), the Exercise Price may be reduced according to the following formula:

$$O^n = O - \frac{E [P - (S + D)]}{N + 1}$$

Where:

- O^n = the new exercise price of the Seneca Option;
 O = the old exercise price of the Seneca Option;
 E = the number of underlying securities into which one Seneca Option is exercisable;
 P = the average market price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex right date or the ex entitlements date;
 S = the subscription price for a security under the pro rata issue;
 D = dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue);
 N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

12. If there is a bonus issue to the holders of Shares, the number of Shares over which the Option is exercisable may be increased by the number of Shares which the Option holder would have received if the Option had been exercised before the record date for the bonus issue.
13. The terms of the Seneca Options shall only be changed if holders (whose votes are not to be disregarded) of ordinary shares in the Company approve of such a change. However, the terms of the Seneca Options shall not be changed to reduce the Exercise Price, increase the number of Seneca Options or change any period for exercise of the Seneca Options.
14. The Company does not intend to apply for listing of the Seneca Options on the ASX.
15. The Company shall apply for listing of the resultant shares of the Company issued upon exercise of any Seneca Option.

Explanatory Memorandum

Schedule 4 Securities issued in 12 months prior to date of Meeting (Listing Rule 7.3A.6(b))

Date of Issue:	Number Issued:	Class/Type of equity security:	Summary of terms:	Names of persons who received securities or basis on which those persons was determined:	Price at which equity securities were issued:	Discount to market price (if any):	For cash issues:				For non-cash issues:	
							Total cash consideration received:	Amount of cash consideration spent:	Use of cash consideration:	Intended use for remaining amount of cash (if any):	Non-cash consideration paid:	Current value of that non-cash consideration: @ \$.041
23/3/16	640,000,000	Fully paid ordinary shares	Shares rank pari passu with all other fully paid ordinary shares on issue in the Company. (511,392,266 held in escrow as at 13 October 2016)	Xped Holdings Limited shareholders and their nominees on reverse acquisition	Nil cash consideration on	N/A	Nil	N/A	N/A	N/A	Transfer of all shares in Xped Holdings Limited	\$26,240,000
24/3/16 and 30/3/16	320,000,000	Fully paid ordinary shares	Shares rank pari passu with all other fully paid ordinary shares on issue in the Company	Various investors through public offer and existing shareholders	\$0.025	24% on 24/3/16 and 24% on 30/3/16	\$8,000,000	\$3,000,000	Development and commercialisation of Xped technology. Costs of offer, re-compliance costs and general working capital	Development and commercialisation of Xped technology. and general working capital	N/A	N/A
30/3/16	15,000,000	Fully paid ordinary shares	Shares rank pari passu with all other fully paid ordinary shares on issue in the Company (held in escrow 24 months from recompliance)	EAS Advisors LLC for the provision of services	Nil cash consideration on	N/A	Nil	N/A	N/A	N/A	Provision of corporate advisory services	\$615,000

Explanatory Memorandum

Date of Issue:	Number Issued:	Class/Type of equity security:	Summary of terms:	Names of persons who received securities or basis on which those persons was determined:	Price at which equity securities were issued:	Discount to market price (if any):	For cash issues:				For non-cash issues:	
							Total cash consideration received:	Amount of cash consideration on spent:	Use of cash consideration:	Intended use for remaining amount of cash (if any):	Non-cash consideration paid:	Current value of that non-cash consideration: @ \$.041
23/3/16	150,000,000	50,000,000 Class A 50,000,000 Class B 50,000,000 Class C Performance Shares	Management performance shares to be issued to Key Management Personnel subject to satisfaction of various milestones	Issues to entities associated with executive directors Mr Christopher Wood and Mr John Schultz (JK Group Pty Ltd and Alanick Technology Pty Ltd)	Nil cash consideration on	N/A	Nil	N/A	N/A	N/A	Pursuant to reverse acquisition of Xped Holdings Limited	N/A as milestones to conversion of the performance shares have not yet been met.
7/9/16	10,000,000	Fully paid ordinary shares	Shares rank pari passu with all other fully paid ordinary shares on issue in the Company (held in voluntary escrow for 12 months)	KTM Capital payment for termination of KTM Capital mandate	Nil cash consideration on	N/A	Nil	N/A	N/A	N/A	Pursuant to termination of KTM Capital Mandate	\$410,000
30/3/16	7,500,000	Unlisted Options	Options with an exercise price of \$0.07 and an expiry date of 30/3/18. Note these options have not yet been exercised so no cash has been received by the Company.	EAS Advisors LLC for the provision of services	Nil cash consideration on	N/A	Nil	N/A	N/A	N/A	Provision of corporate advisory services	N/A as options have not yet been exercised.

Explanatory Memorandum

Date of Issue:	Number Issued:	Class/Type of equity security:	Summary of terms:	Names of persons who received securities or basis on which those persons was determined:	Price at which equity securities were issued:	Discount to market price (if any):	For cash issues:				For non-cash issues:	
							Total cash consideration received:	Amount of cash consideration spent:	Use of cash consideration:	Intended use for remaining amount of cash (if any):	Non-cash consideration paid:	Current value of that non-cash consideration: @ \$.041
30/3/16	7,500,000	Unlisted Options	Options with an exercise price of \$0.09 and an expiry date of 30/3/18. Note these options have not yet been exercised so no cash has been received by the Company.	EAS Advisors LLC for the provision of services	Nil cash consideration	N/A	Nil	N/A	N/A	N/A	Provision of corporate advisory services	N/A as options have not yet been exercised.
30/3/16	7,500,000	Unlisted Options	Options with an exercise price of \$0.11 and an expiry date of 30/3/18. Note these options have not yet been exercised so no cash has been received by the Company.	EAS Advisors LLC for the provision of services	Nil cash consideration	N/A	Nil	N/A	N/A	N/A	Provision of corporate advisory services	N/A as options have not yet been exercised.
30/3/16	7,500,000	Unlisted Options	Options with an exercise price of \$0.13 and an expiry date of 30/3/18. Note these options have not yet been exercised so no cash has been received by the Company.	EAS Advisors LLC for the provision of services	Nil cash consideration	N/A	Nil	N/A	N/A	N/A	Provision of corporate advisory services	N/A as options have not yet been exercised.

Proxy, representative and voting entitlement instructions

Proxies and representatives

Shareholders are entitled to appoint a proxy to attend and vote on their behalf. Where a shareholder is entitled to cast two or more votes at the meeting, they may appoint two proxies. Where more than one proxy is appointed, each proxy may be appointed to represent a specific proportion or number of votes the shareholder may exercise. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes. The proxy may, but need not, be a shareholder of the Company.

Shareholders who are a body corporate are able to appoint representatives to attend and vote at the meeting under section 250D of the *Corporations Act 2001* (Cth).

The proxy form must be signed by the shareholder or his/her attorney duly authorised in writing or, if the shareholder is a corporation, in a manner permitted by the *Corporations Act*.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be **deposited at, posted to, or sent by facsimile transmission to the address listed below, or the Share Registry, Automic Pty Limited PO Box 2226 Strawberry Hills NSW 2012** 48 hours before the time for holding the meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

Xped Limited
Level 6 412 Collins Street
Melbourne VIC 3000

Telephone No: 03 9642 0655
Facsimile No: 03 9642 5177

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry.

A proxy form is attached to this notice.

Voting entitlement

For the purposes of determining voting entitlements at the Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7.00pm on 28 November 2016. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Signing instructions

You must sign the proxy form as follows in the spaces provided:

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

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

Power of Attorney: To sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, 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 indicate the office held by signing in the appropriate place.

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Xped Limited | ABN 89 122 203 196

AGM Registration Card

If you are attending the meeting
in person, please bring this with you
for Securityholder registration.

[BARCODE]

[HolderNumber]

[Name/Address 1]

[Name/Address 2]

[Name/Address 3]

[Name/Address 4]

[Name/Address 5]

[Name/Address 6]

Vote by Proxy

XPE: [BARCODE] Holder Number: [HolderNumber]

Option A – Please choose to vote online, because:

- ✓ **Save Your Money:** This company you own a part of has to spend thousands of dollars each year in print and postage costs. Online voting will reduce this unnecessary expense.
- ✓ **It's Quick and Secure:** Voting online provides you with greater privacy over your instructions, eliminates any postal delays and removes the risk of it being potentially lost in transit.
- ✓ **Receive Vote Confirmation:** Voting online is the only method which provides you with confirmation that your vote has been processed. It also allows you to amend your vote if required.



To Access online voting you can scan the barcode to the right with your tablet or mobile device or you can enter the following link into your browser.

Voting online is quick and easy to do.

<https://investor.automic.com.au/#/loginsah>

STEP 1: Please appoint a Proxy

Option B – Appoint a proxy, by paper:

I/We being a Shareholder entitled to attend and vote at the Annual General Meeting of the Company, to be held at **2.00 pm (Adelaide Time) on Wednesday, 30 November 2016 at The Rydges South Park Adelaide, 1 South Terrace, Adelaide, South Australia, 5000** hereby:

Appoint the Chairman of the Meeting (Chair) OR if you are not appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof.

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.

Unless indicated otherwise by ticking the "for," "against" or "abstain" box you will be authorising the Chair to vote in accordance with the Chair's voting intention.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 5, 6, 7 and 8 (except where I/we have indicated a different voting intention below) even though Resolutions 5, 6, 7 and 8 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

STEP 2: Voting Direction

Resolutions	For	Against	Abstain	Resolutions	For	Against	Abstain
1 Re-election of John Schultz as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7 Approval to issue Shares to Dalex Pty Ltd (an entity associated with Mr Athan Lekkas)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Christopher Wood as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8 Approval to issue Shares to MMEYE LLC (an entity associated with Mr Martin Despain)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Wenjun Sheng as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9 Approval to cancel the Existing Performance Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Re-election of Athan Lekkas as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10 Approval to issue securities under Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11 Approval to issue Future Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Approval of the XPE Loan Funded Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12 Ratification of issue of Seneca Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				13 Ratification of issue of KTM Capital Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Individual or Securityholder 1

Securityholder 2

Securityholder 3

Sole Director and Sole Company Secretary

Director

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2016

Email Address

HOW TO COMPLETE THIS PROXY VOTING FORM

LODGING YOUR PROXY VOTE

This Proxy Voting Form (and any Power of Attorney under which it is signed) must be received at an address given below by 2.00pm (Adelaide time)/ 2.30pm (AEDT) on Monday, 28 November, 2016, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting Forms received after that time will not be valid for the scheduled Meeting.

Proxy Voting Forms can be lodged:



ONLINE

<https://investor.automic.com.au/#/loginsah>



Login to the Automic website using the holding details as shown on the Proxy Voting Form. Click on 'View Meetings' – 'Vote'. To use the online lodgement facility, shareholders will need their Holder Number (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on front of the Proxy Voting form.



BY MAIL

Automic Registry Services
PO Box 2226
Strawberry Hills NSW 2012



BY HAND

Automic Registry Services
Suite 310, Level 3, 50 Holt Street, Surry Hills NSW 2010



ALL ENQUIRIES TO

Telephone: 1300 288 664 Overseas: + 61 2 9698 5414

DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of Key Management Personnel (KMP).

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services on 1300 288 664 or you may copy this form.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

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

Joint holding: Where the holding is in more than one name, all of the Shareholders 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 Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.