

28 October 2022, Australia

ASX RELEASE**Annual General Meeting – Notice and Proxy Form**

Vection Technologies Ltd (ASX:VR1, OTC:VCTNY), the INTEGRATEDXR[®] company, advises that its Annual General Meeting will be held at Level 4, Building C, Garden Office Park, 355 Scarborough Beach Road Osborne Park, WA 6017 ("Location") at 3:30pm (WST) on Wednesday, 30 November 2022 ("Meeting").

In accordance with amendments to the Corporations Act 2001 (Cth) under the Corporations Amendment (Meetings and Documents) Act 2022 (Cth), the Company will not be sending hard copies of the Notice of Annual General Meeting and Explanatory Memorandum ("Notice") to Shareholders (unless a Shareholder has requested a hard copy). Instead, Shareholders can access a copy of the Notice online:

- Via the Company's website www.vection-technologies.com
- Via the Company's ASX announcements page at www2.asx.com.au/markets/company/vr1 under the Company's ASX code "VR1"; and
- If you have provided an email address and have elected to receive electronic communications for the Company, via an email to your nominated email address with a link to an electronic copy of the Notice.

The Company intends to hold a physical meeting at the Location without the use of video conferencing technology. However, in order to minimise the risk to Shareholders, the Company and its ongoing operations, Shareholders are encouraged to vote by proxy instead of attending the meeting at the Location. Accordingly, the proxy form provided within the Notice and enclosed to this letter should be filled out by Shareholders intending to vote by proxy, with specific instructions on how the Shareholder's vote is to be exercised by the proxy. For details on how to complete and submit the proxy form to the Company, please refer to the instructions in the Notice.

The Board may make alternative arrangements to the way in which the Meeting is held. If this occurs, we will notify Shareholders of any changes by way of an ASX announcement, and the details will also be made available on our website.

If you are unable to access the Notice through the abovementioned means, please contact the Company Secretary on +61 8 6380 2555 or at secretary@vection-technologies.com between 9:00am and 5:00pm (WST) on Monday to Friday who will arrange for a copy of the Notice to be provided to you. Shareholders are encouraged to monitor the Company's website for any further updates in relation to the arrangements for the Meeting.

ENDS**INVESTOR RELATIONS CONTACT DETAILS:****Edison:**

Dan Ridsdale - Managing Director, TMT
Email: dridsdale@edisongroup.com

Company:

Gianmarco Biagi - Managing Director (Europe Based)
Email: gianmarco.biagi@vection-technologies.com
Phone: +39 051 0142248

Gianmarco Orgnoni - Director and COO (Australia Based)
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VECTION TECHNOLOGIES LTD

ASX:VR1; OTC:VCTNY | ACN: 614 814 041

GLOBAL OFFICES

PERTH | SYDNEY | SAN FRANCISCO | MILAN | BOLOGNA | ROME | BARI | ABU DHABI | AHMEDABAD

WEBSITEwww.vection-technologies.com**REGISTERED OFFICE**Level 4, Building C, Garden Office Park, 355
Scarborough Beach Road,
Osborne Park WA 6017 - Australia

ABOUT VECTION TECHNOLOGIES:

Vection Technologies is a growing enterprise-focused company that helps businesses bridge the physical and digital worlds. We help organizations leverage their 3D data via powerful extended reality (XR) interfaces that foster collaboration and learning, grow sales and more.

Vection Technologies is listed on the Australian Securities Exchange (ASX) with ticker code VR1, and trades on the U.S. over-the-counter (OTC) markets under the symbol VCTNY.

For more information, please visit: www.vection-technologies.com

ASX release authorised by the Board of Directors of Vection Technologies Ltd.

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Level 4, Building C, Garden Office Park, 355
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Vection Technologies Limited

(ACN 614 814 041)

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM

Wednesday, 30 November 2022

3:30pm AWST

To be held at

**Level 4, Building C, Garden Office Park
355 Scarborough Beach Road
Osborne Park, WA 6017**

The Annual Report is available online at vection-technologies.com

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

Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on +61 8 6380 2555.

NOTICE OF MEETING

Notice is given that the Annual General Meeting of Shareholders of Vection Technologies Limited (ACN 614 814 041) (**Company**) will be held at Level 4, Building C, Garden Office Park, 355 Scarborough Beach Road, Osborne Park, Western Australia 6017 on Wednesday, 30 November 2022 commencing at 3:30pm AWST.

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders at 4:00pm AWST on Monday, 28 November 2022.

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Schedule 1.

AGENDA

Annual Report

To table and consider the Annual Report of the Company and its controlled entities for the financial year ended 30 June 2022, which includes the Financial Report, the Directors' Report and the Auditor's Report.

1. Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass as a **non-binding resolution** the following:

“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report that forms part of the Directors' Report for the financial year ended 30 June 2022 be adopted by the Shareholders on the terms and conditions in the Explanatory Memorandum.”

Please note that a vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition

In accordance with section 250R of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by, or on behalf of, a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member. However, a vote may be cast by such person if:

- (a) the person is acting as a proxy and the Proxy Form specifies how the proxy is to vote, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
- (b) the person is the Chair voting an undirected proxy which expressly authorises the Chair to vote on a resolution connected with the remuneration of a member of the Key Management Personnel.

2. Resolution 2 – Re-election of Director – Mr Umberto Carmelo Mondello

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

“That, for the purpose of clause 10.3 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Umberto Carmelo Mondello, a Director who was appointed on 22 November 2017, retires, and being eligible for re-election, is elected as a Director with immediate effect.”

3. Resolution 3 – Election of Director – Mr Jacopo Merli

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

“That for the purpose of clause 10.2(c) of the Constitution and for all other purposes, Mr Jacopo Merli, be appointed as a Director with immediate effect.”

4. Resolution 4 – Approval of 10% Placement Facility

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

“That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on terms and conditions in the Explanatory Memorandum.”

5. Resolution 5(a) – Ratification of Prior Issue of Shares – Placement Shares – Listing Rule 7.1

To consider, and if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 60,000,000 Shares issued pursuant to the Company’s placement capacity under Listing Rule 7.1, on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion

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

- (a) a person who participated in the issue or is a counterparty to the agreement being approved (namely Placement Participants); or
- (b) any Associate of that person or those persons.

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

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

6. Resolution 5(b) – Ratification of Prior Issue of Options – Lead Manager Options – Listing Rule 7.1

To consider, and if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 32,500,000 Options issued pursuant to the Company’s placement capacity under Listing Rule 7.1, on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion

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

- (c) a person who participated in the issue or is a counterparty to the agreement being approved (namely the Lead Manager); or
- (d) any Associate of that person or those persons.

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

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

7. Resolution 6 – Approval to Issue Shares to Director (Gabriele Sorrento)

To consider, and if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 2,867,529 Shares to Mr Gabriele Sorrento (and/or his nominees), a Director, on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion:

The Company will disregard any votes cast in favour of Resolution 6 by or on behalf of:

- (a) Gabriele Sorrento (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- (b) an associate of that person or those persons.

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

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

Voting Prohibition:

In accordance with section 224 of the Corporations Act, a vote on these Resolutions must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (**Resolution 6 Excluded Party**). However, this prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 6 Excluded Party.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on these Resolutions if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on the Resolution.

Provided the Chair is not a Resolution 6 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

8. Resolution 7 – Replacement of Constitution

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

“That, for the purposes of section 136(2) of the Corporations Act and for all other purposes approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the Chair of the Meeting for identification purposes.”

9. Resolution 8 – Approval of Employee Securities Incentive Plan

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

*“That, for the purposes of Listing Rule 7.2 Exception 13(b) and for all other purposes, Shareholders approve the establishment of an employee securities incentive plan, to be called the “VR1 Employee Securities Incentive Plan” (**Plan**), and the issue of up to 166,488,644 Securities under the Plan, in accordance with the terms of the Plan described in the Explanatory Memorandum.”*

Voting Exclusion

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

- (a) a person who is eligible to participate in the employee incentive scheme or
- (b) any Associate of that person or those persons.

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

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

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Dated 28 October 2022

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'D Hall', written in a cursive style.

Derek Hall
Company Secretary

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders of the Company in connection with the business to be conducted at the Meeting to be held at Level 4, Building C, Garden Office Park, 355 Scarborough Beach Road, Osborne Park WA 6017 on Wednesday, 30 November 2022 commencing at 3:30pm AWST (**Meeting**).

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions in the Notice.

A Proxy Form is located at the end of the Explanatory Memorandum.

2. Action to be taken by Shareholders

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

2.1 Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a proxy) to vote in their place. All Shareholders are invited and encouraged to participate in the Meeting, and are encouraged to lodge a directed Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

Shareholders and their proxies should be aware that:

- (a) If proxy holders vote, they must cast all directed proxies as they are directed to; and
- (b) Any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and

- (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- (c) if the proxy is the Chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- (d) if the proxy is not the Chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to Chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- (b) the appointed proxy is not the Chair of the meeting; and
- (c) at the meeting, a poll is duly demanded, or is otherwise required under section 250JA, on the question that the resolution be passed; and
- (d) either of the following applies:
 - (i) if a record of attendance is made for the meeting - the proxy is not recorded as attending;
 - (ii) the proxy does not vote on the resolution,

the Chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

2.2 Voting Prohibition by Proxy Holders

In accordance with section 250R of the Corporations Act, a vote on Resolution 1, Resolution 6 and Resolution 10 must not be cast (in any capacity) by, or on behalf of:

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

However, a person described above may cast a vote on Resolution 1, Resolution 6 and Resolution 10 as proxy if the vote is not cast behalf of a person described in subparagraphs (a) or (b) above and either:

- (a) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 1, Resolution 6 and Resolution 8; or
- (b) the person is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on Resolution 1, Resolution 6, and Resolution 8; and
 - (ii) expressly authorises the Chair to exercise the proxy even if Resolution 1, Resolution 6, and Resolution 8 is connected directly or indirectly with the remuneration of Key Management Personnel.

2.3 Submit your Proxy Vote

2.3.1 Online

Vote online at <https://www.automicgroup.com.au/> and simply follow the instructions on the enclosed proxy form.

2.3.2 By Paper

If you do not wish to vote online, then it is necessary to complete in accordance with the detailed instructions set out on the enclosed Proxy Form.

The return of your completed form (ONLY if you do NOT vote online) can be done by one of the following ways:

A copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney of other authority) must be deposited at or posted to, the Share Registry at the below address or sent by facsimile to the Company on +61 2 9680 8777 not less than 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 proposes to vote.

Delivery Address:
Automic Registry Services
Level 5, 126 Phillip Street
Sydney NSW 2000

Postal Address:
Automic Registry Services
GPO Box 5193
Sydney NSW 2001

3. Annual Report

There is no requirement for Shareholders to approve the Annual Report.

Shareholders will be offered the following opportunities:

- (a) discuss the Annual Report which is available online at www.vection-technologies.com;
- (b) ask questions or make comment on the management of the Company;
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chair about the management of the Company, or to the Company's auditor about:

- (a) the preparation and the content of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 Business Days before the Meeting to the Company Secretary at the Company's registered office.

4. Resolution 1 – Adoption of Remuneration Report

Section 250R(2) of the Corporations Act provides that the Company is required to put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

Section 250R(3) of Corporations Act provides that Resolution 1 is advisory only and does not bind the Directors of the Company of itself, a failure of Shareholders to pass Resolution 1 will not require the Directors to alter any of the arrangements in the Remuneration Report.

However, the Corporations Act also gives Shareholders the opportunity to remove the Board if the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings (**Two Strikes Rule**).

Under the Two Strikes Rule, where a resolution on the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the managing director) who were in office at the date of approval of the applicable Directors' Report will cease to hold office immediately before that further meeting but may stand for re-election.

At the Company's previous annual general meeting the votes cast against the Remuneration Report considered at that annual general meeting were less than 25%. Accordingly, a further resolution relating to the Two Strikes Rule is not relevant for this Annual General Meeting.

The Chair will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

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

5. Resolution 2 – Re-election of Director – Mr Umberto Carmelo Mondello

Pursuant to clause 10.3 of the Constitution, Directors of the Company are required to retire on a rotational basis. A Director must retire from office no later than the longer of the third annual general meeting of the Company; or three (3) years following that Director's last election or appointment. Being eligible, the Directors can offer themselves for re-election to the Board by Shareholders.

ASX Listing Rule 14.4 provides that a director of a company must not hold office (without re-election) past the third annual general meeting following the director's appointment or 3 years, whichever is longer.

Mr Umberto Carmelo Mondello (**Mr Mondello**) having last been appointed on 22 November 2017, retires from office in accordance with the Constitution, and being eligible, offers himself for re-election to the Board.

Mr Mondello is an experienced public company director, corporate advisor and technology expert with 20 years' experience across both the private and public sectors. Mr Mondello has widespread experience spanning across retail and institutional sectors and an extensive

knowledge of marketing communications and investor relations. Mr Mondello has provided strategic corporate advice and mentoring to several private and public organisations internationally across multiple industries.

If re-elected, the Board considers that Mr Mondello will be an independent Director.

The Board (excluding Mr Mondello) recommends that Shareholders vote in favour of Resolution 2. The Chair of the meeting intends to vote undirected proxies in favour of Resolution 2.

6. Resolution 3 – Election of Director – Mr Jacopo Merli

Clause 10.2(c) of the Constitution provides that the Company in a general meeting may by ordinary resolution appoint any person as a Director.

A nomination for the appointment of Mr Jacopo Merli has been received by the Company in accordance with clauses 10.2(f) and 10.2(g) of the Constitution.

Mr Jacopo Merli is the founder and CEO of JMC Group, acquired by Vection during 2021. During the last ten years Mr Merli expanded JMC's focus on the activity as OEM partner for a ≈100B\$ tech hardware giant within mission critical sectors including military, telco and broadcasting, becoming in 2019 one of their global suppliers. During his university career in aerospace engineering, Mr. Merli joined as consultant to the Italian branch of a NASDAQ listed world leader in the design, manufacture and marketing of high-performance analog, mixed-signal and digital signal processor (DSP) and integrated circuits (ICs) acquiring key knowledge of large company management processes.

As Mr Merli is a member of management, if elected, the Board will not consider Mr Merli as an independent Director.

The Board (excluding Mr Merli) recommends that Shareholders vote in favour of Resolution 3. The Chair of the meeting intends to vote undirected proxies in favour of Resolution 3.

7. Resolution 4 – Approval of 10% Placement Facility

7.1 General

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements commencing from the date of the Meeting where the Company obtains the approval until the earlier of the following:

- (a) the date that is 12 months after the date of the Meeting at which the approval is obtained;
- (b) the time and date of the Company's next annual general meeting; or
- (c) the time and date of the approval of Shareholders of a transaction under Listing Rule 11.1.2 or 11.2 in respect of the Company,

(10% Placement Facility). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company currently has a market capitalisation of ~\$72,000,000 and is an eligible entity.

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

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer Section 7.2(c) below).

7.2 Description of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 4 for it to be passed.

(b) Equity Securities

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

The Company, as at the date of the Notice, has on issue one class of quoted Equity Securities, being Shares (ASX: VR1).

(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the 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 fully paid ordinary securities on issue at the commencement of the relevant period:

- (A) plus the number of fully paid ordinary securities issued in the relevant period under an exception in Listing Rule 7.2 other than Exception 9, 16 or 17;
- (B) plus the number of fully paid ordinary securities issued in relevant period on the conversion of convertible securities within Listing Rule 7.2 Exception 9 where:
 - (1) the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
 - (2) the issue of, or agreement to issue, the convertible securities approved, or taken to have been approved, under Listing Rule 7.1 or 7.4;
- (C) plus the number of fully paid ordinary securities issued in relevant period under an agreement to issue securities within Listing Rule 7.2 Exception 16 where:
 - (1) the agreement was entered into before the commencement of the relevant period; or

- (2) the agreement or issue was approved, or taken under these rules to have been approved, under rule 7.1 or rule 7.4;
- (D) plus the number of any other fully paid ordinary securities issued in the relevant period with approval under rule 7.1 or rule 7.4;
- (E) plus the number of partly paid ordinary securities that became fully paid in the relevant period;
- (F) less the number of fully paid shares cancelled in the relevant period.

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

D is 10%.

E the number of equity securities issued or agreed to be issued under rule 7.1A.2 in the relevant period where the issue or agreement has not been subsequently approved by the holders of its ordinary securities under rule 7.4.

(d) Listing Rule 7.1A and Listing Rule 7.3A

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, the Company has on issue 1,109,924,294 Shares and therefore has a capacity to issue:

- (i) 66,488,644 Equity Securities under Listing Rule 7.1; and
- (ii) 110,992,429 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 7.2(c) above).

(e) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 10 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) 10% Placement Period

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

- (i) the date that is 12 months after the date of the Meeting at which the approval is obtained;
- (ii) the time and date of the entity's next annual general meeting; or

- (iii) the time and date of the approval by shareholders of the eligible entity's ordinary securities of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(10% Placement Period).

7.3 Listing Rule 7.1A

The effect of Resolution 4 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 4 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative) on the Resolution.

7.4 Specific information required by Listing Rule 7.3A

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

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 10 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 4 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in the case of Listed Options, only if the Listed Options are exercised). There is a risk that:
 - (i) the market price for the Company's Equity Securities in that class may be significantly lower on the date of the issue of the Equity Securities than of the date of the Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date,

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

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

The table shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future

specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and

- (ii) two examples of where the issue price or ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.0325 50% decrease in Issue Price	\$0.065 Issue Price	\$0.13 100% increase in Issue Price
Current Variable "A" 1,109,924,294 Shares	10% Voting Dilution	110,992,429 Shares	110,992,429 Shares	110,992,429 Shares
	Funds raised	\$3,607,254	\$7,214,508	\$14,429,016
50% increase in current Variable "A" 1,664,886,441 Shares	10% Voting Dilution	166,488,644 Shares	166,488,644 Shares	166,488,644 Shares
	Funds raised	\$5,410,881	\$10,821,762	\$21,643,524
100% increase in current Variable "A" 2,219,848,588 Shares	10% Voting Dilution	221,984,859 Shares	221,984,859 Shares	221,984,859 Shares
	Funds raised	\$7,214,508	\$14,429,016	\$28,858,032

Note

The table has been prepared on the following assumptions:

1. The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
2. No Options (including any Options issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities;
3. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example at 10%.
4. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on the Shareholder's holding at the date of the Meeting.
5. The table shows only the effect of issue of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
6. The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Listed Options, it is assumed that those Listed Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
7. The issue price is \$0.065, being the closing price of the Shares on ASX on 12 October 2022.

- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 4 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).
- (d) The Company can only issue Equity Securities for cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expenses associated with such acquisition), continued exploration and general working capital.
- (e) The Company will comply with the disclosure obligations under the Listing Rule 7.1A(4) upon issue of any Equity Securities.

- (f) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of the Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
 - (ii) the effect of the issue of the Equity Securities on the control of the Company;
 - (iii) the financial situation and solvency of the Company; and
 - (iv) advice from corporate, financial and broking advisers (if applicable).

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

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

- (g) The Company previously obtained Shareholder approval under Listing Rule 7.1A at its annual general meeting held on 6 December 2021. In the 12 months preceding the date of the 2022 Annual General Meeting, the Company has issued 60,000,000 Fully Paid Ordinary Shares under Listing Rule 7.1A, representing 5.3% of the total number of equity securities on issue at the commencement of the 12 month period.

Date of issue	Number and Class/Type of equity security and Summary of terms	Names of persons who received securities or basis on which those persons was determined	Issue Price and discount	Rule pursuant to which the Issue is made	Consideration
3/12/2021	60,000,000 Fully paid ordinary Share issued on the same terms and conditions of the ordinary Shares in the Company	Sophisticated and professional investors as part of a private Placement managed by Evolution Capital Pty Ltd as Lead Manager	\$0.20, representing the last 15-days Volume Weighted Average Price (VWAP) at issue and a premium to the market price at the time of issue	Listing Rule 7.1A	<p>Consideration: \$12,000,000</p> <p>Of funds raised, approximately \$700k has been applied to support Vection's expansion plans and strengthening its R&D capabilities with a further \$1.3M to be applied to this purpose. Approximately \$700k was paid in relation to the costs of the issue.</p> <p>The balance of ~\$9.3M provides the Company with a stronger balance sheet for larger contracts and capacity to execute strategic initiatives as well as potential Merger & Acquisition opportunities.</p>

- (h) For the purpose of ASX Listing Rule 14.1A (and in addition to the disclosure in clause 7.4(b) above):
- (i) if Resolution 4 is passed, the Directors will be able to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1; and
 - (ii) if Resolution 4 is not passed, the Directors will not be able to issue the Equity Securities under Listing Rule 7.1A, and will have to either rely on the Company's existing 15% placement capacity under Listing Rule 7.1 (from time to time), or (in the event that the Company's 15% placement capacity is exhausted) the Company will be required to obtain prior shareholder approval under Listing Rules 7.1 before being able to issue such Equity Securities (which may result in the Company incurring further time and expense).

At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. As such, no voting exclusion statement has been included in the Notice.

The Directors of the Company believe Resolution 4 is in the best interest of the Company and its Shareholders and unanimously recommend that the Shareholders vote in favour of this Resolution.

8. Resolution 5(a) – Ratification of Prior Issue of Shares – Placement Shares – Listing Rule 7.1A

8.1 General

On 3 December 2021 the Company issued 60,000,000 Shares at an issue price of \$0.20 per Share (**Placement Shares**) to raise \$12,000,000 (before costs) (**Placement**).

Evolution Capital Pty Ltd (ACN 652 397 263) acted a lead manager to the Placement (**Lead Manager**).

Resolution 5(a) seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Placement Shares issued pursuant to the Company's placement capacity under Listing Rule 7.1A.

8.2 ASX Listing Rules 7.1 and 7.1A

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

Under ASX Listing Rule 7.1A however, an eligible entity can seek approval from its members by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.

The issue of the Placement Shares does not fit within any of the exceptions set out in ASX Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 25% limit in Listing Rules 7.1 and 7.1A, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 and 7.1A for the 12 month period following the date of issue of the Placement Shares.

8.3 ASX Listing Rule 7.4

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

8.4 Technical information required by ASX Listing Rule 14.1A

If Resolution 5(a) is passed, the Placement Shares will be excluded in calculating the Company's 15% and 10% limit in Listing Rules 7.1 and 7.1A, effectively increasing the

number of equity securities it can issue without Shareholder approval over the 12 month period following the issue date.

If Resolution 5(a) is not passed, the Placement Shares will be included in calculating the Company's 15% and 10% limit in Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the issue date.

8.5 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 5(a):

- (a) the Placement Shares were issued to sophisticated and professional investors who are clients of the Lead Manager (**Placement Participants**), none of whom are related parties, members of the Key Management Personnel, a substantial holder or an advisor to the Company (or an associate of any of these persons) and they are being issued more than 1% of the Company's current issued capital. The recipients were identified through a book build process, which involved the Lead Manager seeking expressions of interest to participate in the Placement;
- (b) 60,000,000 Placement Shares were issued pursuant to the Company's placement capacity under ASX Listing Rule 7.1A;
- (c) the Placement Shares issued were fully paid ordinary shares in the capital of the Company, issued on the same terms and conditions as the Company's existing Shares;
- (d) the Placement Shares were issued on 3 December 2021;
- (e) the issue price was \$0.20 per Share;
- (f) the purpose of the issue was to raise \$12,000,000 (before costs). Funds raised will be used to support the Company's expansion plans, strengthening the Company's research & development capabilities, a stronger balance sheet for larger contracts and capacity to execute strategic initiatives as well as potential merger & acquisition opportunities;
- (g) the Placement Shares were not issued pursuant to an agreement;
- (h) a voting exclusion statement is included in Resolution 5(a) of this Notice.

The Directors of the Company believe Resolution 5(a) is in the best interest of the Company and its Shareholders and unanimously recommend that the Shareholders vote in favour of this Resolution.

9. Resolution 5(b)– Ratification of Prior Issue of Options – Lead Manager Options – Listing Rule 7.1

9.1 General

On 3 December 2021 the Company issued 32,500,000 Options with an exercise price of \$0.25 and expiry date of three (3) years from the date of issue (**Lead Manager Options**) in consideration for lead manager services provided by the Lead Manager (Evolution Capital

Pty Ltd) for the Placement. The issue was made pursuant to the mandate between the Company and the Lead Manager (a summary of which is set out in Section 9.2 below).

Resolution 5(b) seeks Shareholder ratification pursuant to ASX listing Rule 7.4 for the issue of the Lead Manager Options.

9.2 Summary of Lead Manager Mandate

The Company entered into a mandate with the Lead Manager on 22 November 2021 for lead manager services to be provided to the Company for the Placement (**Lead Manager Mandate**).

The material terms and conditions of the Lead Manager Mandate are summarised below:

- (a) (**Term**): For a period of 1 month following the execution of the Lead Manager Mandate.
- (b) (**Services**): The Lead Manager is engaged by the Company to be the exclusive lead manager and book runner for the Placement.
- (c) (**Conditions Precedent**): The obligations of the Lead Manager are subject to and conditional on the following:
 - (i) the ASX granting the Company a trading halt under ASX Listing Rule 17.1 which applies from no later than 10:00am on the Launch Date and remains in place until commencement of trading on the Announcement Date;
 - (ii) board approval having been obtained to all aspects of the Placement prior to executing the Lead Manager Mandate; and
 - (iii) due diligence investigations and inquiries into the affairs of the Company having been carried out to Evolution satisfaction on or before the Launch Date,
- (d) (**Fees**): Subject to completion of the Placement, the Company has agreed to pay the following fees to the Lead Manager:
 - (i) (**Cash Fee**): A cash fee of 5% of the Placement Amount (up to \$15,000,000) and Sell Down amount (up to \$5,000,000 at \$0.20);
 - (ii) (**Lead Manager Options**): 32,500,000 Options with a grant price of \$0.001 and a strike price of \$0.25 with an expiry of 3 December 2024; and
 - (iii) (**Expenses**): Paid total expenses including settlement, trade and legal of \$50,000 (plus GST);
- (e) (**Termination on Notice**): The Company and Lead Manager may terminate the Lead Manager Mandate and the provision of the services at any time by giving seven (7) days' written notice to the other party. In the event of termination, Evolution will be entitled to receive payment in full of any Out-of-pocket Expenses which have not been invoiced or paid.
- (f) (**Termination without Notice**): The Company or Lead Manager may terminate the Lead Manager Mandate without notice if either party commits a breach of this Lead Manager Mandate that has a material and adverse effect on the other party and fails to remedy the breach within seven (7) days of receiving written notice from the other party or an Insolvency Event occurs in relation to either party.

The Lead Manager Mandate otherwise contains terms and conditions considered standard for an agreement of this nature.

9.3 ASX Listing Rule 7.1

A summary of ASX Listing Rule 7.1 is provided at Section 8.2 above.

The issue of the Lead Manager Options does not fit within any of the exceptions set out in ASX Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the Company's 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of issue of the Lead Manager Options.

9.4 Technical information required by ASX Listing Rule 14.1A

If Resolution 5(b) is passed, the Lead Manager Options will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the issue date.

If Resolution 5(b) is not passed, the Lead Manager Options will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without Shareholder approval over the 12 months period following the issue date.

9.5 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX listing Rule 7.5, the following information is provided in relation to Resolution 5(b):

- (a) the Lead Manager Options were issued to the Lead Manager, being Evolution Capital Pty Ltd (and/or its nominee), which are not related parties;
- (b) 32,500,000 Lead Manager Options were issued pursuant to the Company's placement capacity under Listing Rule 7.1;
- (c) the Lead Manager Options were issued with an exercise price of \$0.25 per Lead Manager Option, an expiry date that is three (3) years from the date of issue, and otherwise on the terms and conditions as set out in Schedule 3;
- (d) the Lead Manager Options were issued on 3 December 2021;
- (e) the Lead Manager Options were issued for nil cash consideration, in part consideration for the lead manager services provided by the Lead Manager in connection with the Placement;
- (f) the purpose for the issue of the Lead Manager Options was to fulfil the Company's contractual obligations with the Lead Manager in respect of the Placement;
- (g) the Lead Manager Options were issued under the Lead Manager Mandate (the material terms of which are summarised at Section 9.2 above); and
- (h) a voting exclusion statement is included for this Resolution 5(b) in the Notice.

The Directors of the Company believe Resolution 5(b) is in the best interest of the Company and its Shareholders and unanimously recommend that the Shareholders vote in favour of this Resolution.

10. Resolution 6 – Approval to Issue Shares to Director (Mr Gabriele Sorrento)

10.1 General

Resolution 6 seeks Shareholder approval for the issue of a total of 2,867,529 Shares to Mr Gabriele Sorrento (and/or his nominees) (**Related Party Shares**).

The Related Party Shares are being issued as part of Mr Gabriele Sorrento's (**Mr Sorrento**) remuneration and to incentives Mr Sorrento in his performance of future services.

10.2 Background

The Company entered into a share sale agreement with Mindesk Inc, a USA incorporated company (**Mindesk**) and the shareholders of Mindesk (**Vendors**) (**Mindesk Share Sale Agreement**), pursuant to which the Vendors agreed to sell, and the Company agreed to purchase, 100% of the fully paid ordinary shares in the capital of Mindesk Inc (**Mindesk Transaction**).

A summary of the material terms and conditions of the Mindesk Share Sale Agreement is provided at Section 10.2 below.

Mr Sorrento was the chief executive officer of Mindesk and one of the vendors – that being, a shareholder in Mindesk.

As part of the Mindesk Transaction, Mr Sorrento was to be issued a total of 22,257,873 Deferred Consideration Shares A (as defined below), subject to achieving specific milestones (**Underlying Securities**). The Underlying Securities to be issued to Mr Sorrento represented 13.45% of the total consideration to be paid by the Company to Mindesk pursuant to the Mindesk Share Sale Agreement.

The Company sought, and was granted, shareholder approval for the issue of the Underlying Securities to Mr Sorrento at the Company's General Meeting on 23 April 2020 (**Previous Approval**).

However, the Previous Approval expired before the Company could issue the Underlying Securities to Mr Sorrento.

Mr Sorrento has since achieved the milestones attaching to Class A of the Underlying Securities. As such, the Company is seeking shareholder approval for the issue of the 2,867,529 Related Party Shares to Mr Sorrento, pursuant to the Mindesk Share Sale Agreement.

10.3 Summary of the Mindesk Share Sale Agreement

The material terms of the Mindesk Share Sale Agreement are summarised below:

(a) **Conditions Precedent**

The material conditions precedent which must be satisfied prior to the Company completing the Proposed Transaction include:

(i) **Approvals**

The Company obtaining:

- (A) all shareholder approvals required by the Corporations Act and the ASX Listing Rules in order to proceed with and implement the

Proposed Transaction, which importantly includes the approval sought pursuant to Resolution 1;

- (B) all necessary corporate and regulatory approvals and all necessary resolutions of its board of directors required in order to proceed with and implement the Proposed Transaction; and
- (C) all required governmental, regulatory, ASX and ASIC approvals, licences and permits necessary for the Proposed Transaction to complete and for the Company to operate its business.

Other than the shareholder approval sought pursuant to this Notice, all other approvals (including Mindesk shareholder approval) have been obtained.

(ii) **Escrow Agreement**

The consideration securities to be issued to the Vendors, for a minimum period of 12 months from the date of issue or for the period required under the ASX Listing Rules, by the ASX or by the Company. Restriction agreements were executed in respect of the Consideration Shares.

(iii) **Net Cash**

Mindesk retaining Net Cash of €750,000.00 (seven-hundred and fifty thousand euros) at settlement of the Proposed Transaction. The net cash condition is being monitored by the Company and is currently being met.

(iv) **Management Agreements**

Each of Gabriele Sorrento, Sergio Giorgio and Vittorio Amedeo Bava (who are the current senior management of Mindesk) entering into contracting and/or employment agreements with Mindesk. Each of these agreements has been finalised, and will be entered into by the Company and the relevant management personnel prior to settlement of the Proposed Transaction,

(together, the **Conditions Precedent**).

(b) **Board Appointment**

At settlement, the Company must appoint Gabriele Sorrento to its Board of Directors as a Non-Executive Director to further develop the Company's and Mindesk's combined software as a service strategy, including but not limited to FrameS and Mindesk's current products, and international relationships with major companies in the technology industry.

Mr Sorrento, in his capacity as a shareholder in Mindesk, is also a Vendor, and following his appointment to the Board, will be a related party of the Company.

(c) **Consideration**

The consideration payable by the Company is comprised of eight (8) tranches of fully paid ordinary shares in the capital of the Company.

For the purposes of the remainder of this Section 10.3, the following terms have the following definitions:

- (i) **Consideration Shares** means 165,505,199 Shares to be issued by the Company to the Vendors;

- (ii) **Mindesk Revenues** means the audited revenue generated by Mindesk developed products, including non-refundable grants provided by third parties, but excluding any and all tax credits;
- (iii) **Combined Revenue** means the revenue generated by the Company (including Mindesk) but excluding any acquisitions conducted by the Company and/or body related corporate following settlement of the Proposed Transaction;
- (iv) **Deferred Consideration** means the following additional Shares to be issued by the Company to the Vendors:

(A) **Deferred Consideration A**

8,000,000 Shares upon Mindesk achieving specific milestones relating to the development and testing of a collaboration module compatible with or otherwise integrated into the Mindesk plugin for McNeel Rhinoceros 6 on or prior to 31 December 2021.

(B) **Deferred Consideration B – 2020**

- (1) 9,000,000 Shares upon the achievement of minimum audited Mindesk Revenues equal to €920,001 (nine-hundred twenty thousand and one euro) in calendar year 2020; or
- (2) 20,000,000 Shares upon the achievement of minimum audited Mindesk Revenues equal to €1,300,001 (one million three hundred thousand and one euro) in calendar year 2020.

Mindesk has not yet recorded any material revenue against this milestone in the current calendar year. Mindesk is currently in negotiations for contracts which are expected to generate more material revenue (towards achievement of this milestone) during this year, following settlement of the Proposed Transaction.

(C) **Deferred Consideration C – 2021**

- (1) 18,000,000 Shares upon the achievement of minimum audited Mindesk Revenues equal to €2,950,001 (two million nine hundred fifty thousand and one euro) in calendar year 2021; or
- (2) 40,000,000 Shares upon the achievement of minimum audited Mindesk Revenues equal to €4,400,001 (four million four hundred thousand and one euro) in calendar year 2021.

(D) **Purchaser Group Deferred Consideration**

The Company and the Vendors foresee that, following settlement and by commencement of calendar year 2021, the Company (along with Mindesk) will jointly develop and commercialise multiple software products and services, and thus performance milestones solely related to the performance by Mindesk would not depict a correct picture of the value of the New Business. Hence, the Company and Mindesk consider it would be in the best interest of their shareholders to benchmark the issue of deferred consideration Shares subject to the combined group results, such results to exclude any acquisition occurring following settlement of the Proposed Transaction.

The above statement is made on the basis that the Company intends to integrate the Mindesk business within its existing operations, and as

such the Company intends to develop products that combine the existing technologies of the two companies which it believes will generate value and increased commercialisation opportunities.

Following the Proposed Transaction, the Company intends to:

- (1) have a software product suite consisting of FrameS, FrameS Training, FrameS Dental, E-Health Application, 3D Configurators, Logistics AR software and Mindesk;
- (2) develop additional software to bring to market during calendar year 2020;
- (3) integrate Mindesk as an additional solution addressing a segment not currently covered by its existing product suite;
- (4) (during 2020) consolidate the back-office, marketing & sales, R&D and software development functions of both Mindesk and the Company's existing businesses, generating significant efficiencies and cost savings, as well as significant sales upside potential across multiple markets; and
- (5) (during 2021) release several new products utilising its consolidated team to develop and market all of the Company's products.

On and from calendar year 2021 therefore, it will be impossible to relate precise group financial results to the efforts of a particular software development team or product.

In order to reflect this, the milestones attached to all deferred consideration Shares from year 2021 (being Deferred Consideration D – G) shall be subject to shareholder approval and have been related to the group's combined revenue rather than the standalone revenue of Mindesk.

The Company will also ensure that the audited revenue milestones for each of Deferred Consideration D – G exclude any and all additional acquisitions the Company may make following settlement of the Proposed Transaction.

(E) Deferred Consideration D – 2021

- (1) 2,000,000 Shares upon the achievement of minimum audited Combined Revenue equal to €9,300,001 (nine million three-hundred thousand and one euro) in calendar year 2021; or
- (2) 5,000,000 Shares upon the achievement of minimum audited Combined Revenue equal to €12,000,001 (twelve million and one euro) in calendar year 2021.

(F) Deferred Consideration E – 2022

- (1) 2,000,000 Shares upon the achievement of minimum audited Combined Revenue equal to €15,000,001 (fifteen million and one euro) in calendar year 2022; or
- (2) 5,000,000 Shares upon the achievement of minimum audited Combined Revenue equal to €20,000,001 (twenty million and one euro) in calendar year 2022 (Financials 22).

(G) **Deferred Consideration F – 2023**

15,000,000 Shares upon the achievement of minimum audited Combined Revenue in the calendar year 2023 equal to at least 10% (ten percent) increase over the Financials 2022 (**Financials 2023**).

(H) **Deferred Consideration G – 2024**

15,000,000 Shares upon the achievement of minimum audited Combined Revenue in calendar year 2024 financial period equal to at least 10% (ten percent) increase over the Financials 2023.

Shareholders should note that the Company will not vary any of the above milestones upon which the Deferred Consideration will be issued.

(d) **Consideration summary table**

	Scenario A	Scenario B
Consideration Shares	165,505,199	165,505,199
Deferred Consideration A	8,000,000	8,000,000
Deferred Consideration B	9,000,000	20,000,000
Deferred Consideration C	18,000,000	40,000,000
Deferred Consideration D	2,000,000	5,000,000
Deferred Consideration E	2,000,000	5,000,000
Deferred Consideration F	15,000,000	15,000,000
Deferred Consideration G	15,000,000	15,000,000
Total	234,505,199	273,505,199

(e) **Events of Default** – there are no events of default under the Share Sale Agreement.

10.4 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Related Party Shares constitutes giving a financial benefit and Mr Sorrento is a related party of the Company by virtue of being a Director of the Company.

The Directors (other than Mr Sorrento who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not

required in respect of the issue of the Related Party Shares because the Related Party Shares form part of the Mindesk Share Sale Agreement which was negotiated on an arm's length basis.

10.5 Technical information required under Listing Rule 14.1A

If Resolution 6 is passed, then the Company will be able to proceed with the issue of the Related Party Shares to Mr Sorrento (and/or his nominees).

If Resolution 6 is not passed, then the Company will not be able to proceed with the issue of the Related Party Shares to Mr Sorrento (and/or his nominees).

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Shares to Mr Sorrento as approval is being obtained under Listing Rule 10.11 and the issue of the equity securities will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

10.6 Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- (a) a related party;
- (b) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- (c) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- (d) an associate of a person referred to in section 10.5(a), to 10.5(c); or
- (e) a person whose relationship with the company or a person referred to in section 10.5(a) to 9.4(d) is such that, in ASX's opinion, the issue or agreement should be approved by shareholders,

unless it obtains shareholder approval.

The issue of Shares to Mr Sorrento involves the issue of equity securities to a Director and accordingly it falls within Listing Rule 10.11.1. None of the exceptions in Listing Rule 10.12 apply and therefore Shareholder approval is required under Listing Rule 10.11.

10.7 Technical information required under Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolution 6:

- (a) the Related Party Shares will be issued to Mr Gabriele Sorrento (and/or his nominees);
- (b) Mr Sorrento is a Director of the Company and is therefore a related party under ASX Listing Rule 10.11.1;
- (c) Mr Sorrento will receive 2,867,529 Related Party Shares;

- (d) the Related Party Shares are fully paid ordinary shares in the capital of the Company and are to be issued on the same terms and conditions as the Company's existing Shares;
- (e) the Related Party Shares will be issued no later than one (1) month after the date of the Meeting;
- (f) the Related Party Shares are being issued to Mr Sorrento for nil cash consideration in satisfaction of the consideration obligations for the acquisition of Mindesk, and no funds will be raised by the issue of the Related Party Shares;
- (g) the Related Party Shares are being issued pursuant to the Mindesk Share Sale Agreement, a summary of which is provided at Section 10.2 above; and
- (h) a voting exclusion statement is included for this Resolution in the Notice.

11. Resolution 7 – Replacement of Constitution

11.1 General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

Resolution 7 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and ASX Listing Rules.

This will incorporate amendments to the Corporations Act and ASX Listing Rules since the current Constitution was adopted in 2013.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature including but not limited to:

- (a) updating the name of the Company;
- (b) updating references to bodies or legislation which have been renamed (e.g. references to the Australian Settlement and Transfer Corporation Pty Ltd, ASTC Settlement Rules and ASTC Transfer); and
- (c) expressly providing for statutory rights by mirroring these rights in provisions of the Proposed Constitution.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website www.vection-technologies.com and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

11.2 Summary of material proposed changes

How to call meeting of Members (clause 5.3)

The *Corporations Amendment (Meetings and Documents) Act 2022* (Cth) permits a notice of meeting and any other information provided with that notice to be communicated using technology. For example, an entity may send its shareholders an email setting out or attaching a notice of meeting and other material relating to that notice of meeting (for example, a proxy form). Alternatively, an entity may send an email to its shareholders with a link to whether the notice and other materials can be viewed or downloaded. In circumstances where the entity does not have the email address for certain shareholders, the entity may send a letter or postcard setting out a URL for viewing or downloading the notice and other materials.

Shareholders may elect to receive documents in a physical form or electronically and the Company must provide that member with the documents in the form based on the shareholder's election (unless it falls under ASIC's emergency power to grant relief).

The Proposed Constitution makes it clear at clause 5.3, that unless the applicable law otherwise provides, a notice of meeting and proxy form do not need to be provided physically in writing, and that the Company may provide a notice of meeting and proxy form to Shareholders electronically.

Meeting at more than one place (clause 5.5)

The Proposed Constitution includes a provision at clause 5.5(a) to expressly permit the Company to hold 'hybrid meetings' – that being meetings which are held partly in person and partly by virtual technology. The Proposed Constitution allows Shareholders to elect how they wish to attend hybrid meetings.

Virtual Meetings (clause 5.6)

The recent updates to the Corporations Act, (by way of the *Corporations Amendment (Meetings and Documents) Act 2022* (Cth)), provides that a company may use technology to allow Shareholders to attend general meetings virtually if a wholly virtual meeting is expressly permitted in the company's constitution.

The Proposed Constitution includes a provision which allows a meeting of Shareholders to be held by virtual means only, which provides greater flexibility for the Company and Shareholders. Any technology used at a general meeting must give Shareholders as a whole a reasonable opportunity to participate in the meeting.

12. Resolution 8 – Approval of Employee Securities Incentive Plan

12.1 General

The Company considers that it is desirable to adopt an updated employee incentive scheme to be called the "VR1 Employee Securities Incentive Plan" (**Plan**).

The Plan is intended to provide an opportunity to eligible participants to participate in the Company's future. Further, the Plan acts as a mechanism to ensure the interest of Shareholders and the management and employees of the Company are aligned.

Resolution 8 seeks Shareholder approval for the adoption of the Plan in accordance with Listing Rule 7.2 exception 13(b).

A Summary of the Plan is set out in Schedule 2.

The Plan incorporates recent amendments to the Corporations Act for employee share schemes (**New Legislation**).

12.2 Summary of New Legislation

The *Treasury Laws Amendment (Cost of Living Support and Other Measures) Act 2022* (Cth) introduced a new Division 1A into Part 7.12 of the Corporations Act in relation to employee share schemes (**New Rules**). The legislation came into effect on 1 October 2022.

The New Rules will eventually replace the existing ASIC Class Order [CO 14/1000] and ASIC Class Order [CO 14/1001] (together, the **Class Orders**).

A summary of the key changes applicable to the Company under the New Rules are set out below.

(a) **Expanded eligibility**

Class Order relief is only available for issues to directors, full time and part time employees and casual employees or contractors that are 40% or more full time equivalent.

Under the New Rules, an offer may only be made to specified “primary participants” (being directors, employees and service providers, with no minimum requirements of hours of service provided) or certain related persons of a primary participant (including a spouse, parent, child or sibling of the primary participant; controlled bodies corporate of the primary participant or bodies corporate that are trustees of the primary participant’s self-managed superannuation fund).

(b) **Issue cap**

The Class Orders provide for an issue cap of 5% of a listed entity’s fully paid shares over a rolling period of 3 years (irrespective of whether monetary consideration is required).

Under the New Rules, there is no cap on issues made for no monetary consideration. Caps only apply to issues made for monetary consideration (being the cap set out in the company’s constitution or if there is no such cap in the constitution, then 5% for listed entities unless a higher cap is specified in the relevant regulations (if any)). The Proposed Constitution of the Company (being the subject of Resolution 8) sets the cap on issues made for monetary consideration at 15%.

Further, offers of eligible interests to participants under an employee securities incentive plan which would not ordinarily require disclosure, such as offers to senior managers or small-scale offerings are not required to comply with the issue cap.

(c) **Disclosure requirements**

The Class Order does not distinguish between offers for monetary consideration and those without, with the same disclosure requirements for both offers.

Under the New Rules, offers made for no monetary consideration do not have any specific disclosure requirements. In the case of offers made for monetary consideration, an offer document is required (with specific disclosure requirements) and participants cannot acquire their interests until 14 days after receiving the necessary offer disclosure from the entity.

(d) **Quotation and suspension requirements**

Class Order relief is only available where an entity meets the minimum quotation period of 3 months prior to making an offer of eligible interests. In addition, relief is prohibited if an entity is suspended from quotation for over 5 days in the preceding 12-month period.

Under the New Rules, listed entities can offer eligible interests without first meeting any minimum quotation period, and regardless of any suspensions to the trading of securities.

(e) **On-sale relief**

The Class Order provides relief from the on-sale provisions for securities issued under the Class Order.

Pursuant to the New Rules, listed entities must issue a cleansing notice to ensure that any Shares issued (including following the exercise of any options and performance rights) may be on-sold within 12 months of issue.

(f) **Criminal offences**

A number of new offences created under the New Rules, including misleading and deceptive statement offences and offences relating to holding participants' money. In addition, regulatory relief can be revoked if any of the below are breached:

- (i) compliance with the monetary cap;
- (ii) compliance with the issue cap; and
- (iii) providing disclosure documents at the required time.

12.3 Regulatory requirements and ASX Listing Rules 7.1 and 7.2, exception 13(b)

Shareholder approval is not required under the Corporations Act or the Listing Rules for the operation of the Plan. However, Shareholder approval is being sought to allow the Company to rely on an exception to the calculation of the Listing Rules 7.1 and 7.1A on the number of securities that may be issued without Shareholder Approval. Listing Rule 7.2 exception 13(b) provides that Listing Rules 7.1 and 7.1A do not apply to an issue of securities under an employee incentive scheme that has been approved by Shareholders, where the issue of securities is within 3 years from that date of Shareholder approval of the issue of securities under the employee incentive scheme.

The Plan participation is limited to Directors, employees and service providers of the Company. If an issue is to be made to Directors, then separate Shareholder approval will need to be obtained.

Pursuant to and in accordance with ASX Listing Rule 7.2 Exception 13, the following information is provided in relation to this Resolution:

- (a) a summary of the key terms of the Plan is set out in Schedule 2.
- (b) as this is a new plan being put to Shareholders, no Securities have been issued under it to date;
- (c) the Company is seeking Shareholder approval to adopt the Plan to include the new terms and conditions required by Division 1A of Part 7.12 of the Corporations Act,

which replaced the previous relief provided by ASIC Class Order 14/1000 (Employee Incentive Scheme)

- (d) a maximum of 166,488,644 Securities would be available to be issued under the Plan if approved by Shareholders (representing approximately 15% of the number of Shares on issue as at the date of this Notice. This maximum number is not intended to be a prediction of the actual number of Securities to be issued under the Plan, but simply a maximum number for the purposes of setting a ceiling on the number of Securities to be issued under the Plan for the purposes of Listing Rule 7.2, exception 13(b). In any event, no Securities will be issued if to do so would contravene any applicable laws, including the issue cap under the New Rules which applies to issues for monetary consideration (refer to Section 6.2(b) above); and

The passing of Resolution 8 will allow the Company to issue securities for the benefit of participants of the Plan whilst preserving the Company's placement limits for issuing securities and provide flexibility in the manner in which the Plan is managed.

If Resolution 10 is not passed, the Company may still issue securities to key personnel other than Directors on the terms as set out in Schedule 2, however those securities will count towards the Company's 15% placement capacity under Listing Rule 7.1.

12.4 Voting Exclusion Statement

A Voting Exclusion applies to this Resolution.

12.5 Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 8. The Chair intends to vote all undirected Proxies in favour of Resolution 8.

SCHEDULE 1 – Definitions

In this Notice and the Explanatory Memorandum:

\$ means Australian Dollars.

10% Placement Facility has the meaning given in Section 7.1.

10% Placement Period has the meaning given in Section 7.2(f).

Annual Report means the Directors' Report, the Financial Report and the Auditor's Report in respect to the financial year ending 30 June 2022.

Associate has the meaning given in sections 12 and 16 of the Corporations Act. Section 12 is to be applied as if paragraph 12(1)(a) included a reference to the Listing Rules and on the basis that the Company is the "designated body" for the purposes of that section. A related party of a director or officer of the Company or of a Child Entity of the Company is to be taken to be an associate of the director or officer unless the contrary is established.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

Auditor's Report means the auditor's report on the Financial Report.

Board means the board of Directors.

Business Day means:

- (a) for determining when a notice, consent or other communication is given, a day that is not a Saturday, Sunday or public holiday in the place to which the notice, consent or other communication is sent; and
- (b) for any other purpose, a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Perth.

Chair means the person appointed to chair the Meeting convened by this Notice.

Closely Related Party means:

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

Company means Vection Technologies Limited (ACN 614 814 041).

Constitution means the constitution of the Company as at the commencement of the Meeting.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Directors' Report means the annual directors' report prepared under chapter 2M of the Corporations Act for the Company and its controlled entities contained in the Annual Report.

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

Explanatory Memorandum means the explanatory memorandum attached to the Notice.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities.

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

Lead Manager has the meaning given in Section 8.1.

Lead Manager Mandate has the meaning given in Section 9.2.

Lead Manager Options has the meaning given in Section 9.1.

Listing Rules means the listing rules of ASX.

Meeting has the meaning in the introductory paragraph of the Notice.

Mindesk Share Sale Agreement has the meaning given in Section 10.1

Mindesk Transaction has the meaning given in Section 10.1.

Notice means this notice of meeting.

Option means an option which entitles the holder to subscribe for one Share.

Placement has the meaning given in Section 8.1.

Placement Shares has the meaning given in Section 8.1.

Proxy Form means the proxy form attached to the Notice.

Related Party Shares has the meaning given in Section 10.1.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

Resolution means resolution contained in the Notice.

Schedule means a schedule to this Notice.

Section means a section contained in this Explanatory Memorandum.

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

Share Placement has the meaning given in Section 7.1.

Shareholder means a shareholder of the Company.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

Two Strikes Rule has the meaning in Section 4.

Underlying Securities has the meaning given in Section 10.1.

VWAP means volume weight average price.

WST means Western Standard Time, being the time in Perth, Western Australia.

In this Notice and the Explanatory Memorandum words importing the singular include the plural and vice versa.

SCHEDULE 2 – Summary of Employee Incentive Securities Plan

A summary of the terms of the Plan is set out below:

- (a) **(Eligible Participant):** Eligible Participant means a person that:
- (i) is an 'ESS participant' (as that term is defined in Division 1A of Part 7.12 of the Corporations Act) in relation to the Company for an Invitation made on or after 1 October 2022; and
 - (ii) has been determined by the Board to be eligible to participate in the Plan from time to time.
- (b) **(Purpose):** The purpose of the Plan is to:
- (i) assist in the reward, retention and motivation of Eligible Participants;
 - (ii) link the reward of Eligible Participants to Shareholder value creation; and
 - (iii) align the interests of Eligible Participants with shareholders of the Group (being the Company and each of its Associated Bodies Corporate), by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Securities.
- (c) **(Plan administration):** The Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Plan rules in its sole and absolute discretion except to the extent that it prevents the Company relying on the deferred tax concessions under Subdivision B3A-C of the *Income Tax Assessment Act 1997* (Cth). The Board may delegate its powers and discretion.
- (d) **(Eligibility, invitation and application):** The Board may from time to time determine that an Eligible Participant may participate in the Plan and make an invitation to that Eligible Participant to apply for Securities on such terms and conditions as the Board decides.

On receipt of an Invitation, an Eligible Participant may apply for the Securities the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in whole or in part. If an Eligible Participant is permitted in the invitation, the Eligible Participant may, by notice in writing to the Board, nominate a party in whose favour the Eligible Participant wishes to renounce the invitation.

- (e) **(Grant of Securities):** The Company will, to the extent that it has accepted a duly completed application, grant the Participant the relevant number of Securities, subject to the terms and conditions set out in the invitation, the Plan rules and any ancillary documentation required.
- (f) **(Terms of Convertible Securities):** Each 'Convertible Security' represents a right to acquire one or more Shares (for example, under an option or performance right), subject to the terms and conditions of the Plan.

Prior to a Convertible Security being exercised a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Convertible Security by virtue of holding the Convertible Security. Unless in 'Special Circumstances' (as defined in the Plan) with the consent of the Board, a Participant may not sell, assign, transfer, grant a security interest over, collateralise a margin loan against, utilise for the purposes of short selling, enter into a Derivative with reference to, or otherwise deal with a Convertible Security that has been granted to them. A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to a Convertible Security that has been granted to them.

- (g) **(Vesting of Convertible Securities):** Any vesting conditions applicable to the grant of Convertible Securities will be described in the invitation. If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant Convertible Securities have vested. Unless and until the vesting notice is issued by the Company, the Convertible Securities will not be considered to have vested. For the avoidance of doubt, if the vesting conditions relevant to a Convertible Security are not satisfied and/or otherwise waived by the Board, that Convertible Security will lapse.
- (h) **(Exercise of Convertible Securities and cashless exercise):** To exercise an Convertible Security, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise of Convertible Securities (see below), pay the exercise price (if any) to or as directed by the Company, at any time prior to the earlier of any date specified in the vesting notice and the expiry date as set out in the invitation.

A Convertible Security may not be exercised unless and until that Convertible Security has vested in accordance with the Plan rules, or such earlier date as set out in the Plan rules.

- (i) **(Cashless exercise of Convertible Securities):** At the time of exercise of the Convertible Securities, subject to Board approval at that time, the Participant may elect not to be required to provide payment of the exercise price for the number of Convertible Securities specified in a notice of exercise, but that on exercise of those Convertible Securities the Company will transfer or issue to the Participant that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Convertible Securities.

Market Value means, at any given date, the volume weighted average price per Share traded on the ASX over the 5 trading days immediately preceding that given date, unless otherwise specified in an invitation.

If the difference between the total exercise price otherwise payable for the Convertible Securities being exercised and the then market Value of the Share at the time of exercise and the exercise price is zero or negative, then the Eligible Participant will not be entitled to use the cashless exercise facility.

- (j) **(Delivery of Shares on exercise of Convertible Securities):** As soon as practicable after the valid exercise of a Convertible Security by a Participant, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled under the Plan rules and issue a substitute certificate for any remaining unexercised Convertible Securities held by that Participant.
- (k) **(Forfeiture of Convertible Securities):** Where a Participant who holds Convertible Securities ceases to be an Eligible Participant or becomes insolvent, all unvested Convertible Securities will automatically be forfeited by the Participant, unless the Board otherwise determines in its discretion to permit some or all of the Convertible Securities to vest.

Where the Board determines that a Participant has acted fraudulently or dishonestly, acted negligently, acted in contravention of a Group policy or wilfully breached his or her duties to the Group, the Board will deem all unvested Convertible Securities held by that Participant to have been forfeited.

Unless the Board otherwise determines, or as otherwise set out in the Plan rules:

- (i) any Convertible Securities which have not yet vested will be forfeited immediately on the date that the Board determines (acting reasonably and in good faith) that any applicable vesting conditions have not been met or cannot be met by the relevant date; and
- (ii) any Convertible Securities which have not yet vested will be automatically forfeited on the expiry date specified in the invitation.

- (l) **(Change of control)**: If a change of control event occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant's Convertible Securities will be dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event.
- (m) **(Rights attaching to Plan Shares)**: All Shares issued under the Plan, or issued or transferred to a Participant upon the valid exercise of a Convertible Security, (**Plan Shares**) will rank pari passu in all respects with the Shares of the same class. A Participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares and may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares. A Participant may exercise any voting rights attaching to Plan Shares.
- (n) **(Disposal restrictions on Plan Shares)**: If the invitation provides that any Plan Shares are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.

For so long as a Plan Share is subject to any disposal restrictions under the Plan, the Participant will not:

- (i) transfer, encumber or otherwise dispose of, or have a security interest granted over that Plan Share; or
 - (ii) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.
- (o) **(Adjustment of Convertible Securities)**: If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Participant holding Convertible Securities will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.

If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Convertible Securities is entitled, upon exercise of the Convertible Securities, to receive an allotment of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Convertible Securities are exercised.

Unless otherwise determined by the Board, a holder of Convertible Securities does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.

- (p) **(Participation in new issues)**: There are no participation rights or entitlements inherent in the Convertible Securities and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the Convertible Securities without exercising the Convertible Securities.
- (q) **(Compliance with Applicable Laws)**: Notwithstanding the Plan rules or any terms of a Security, no Security may be offered, granted, vested or exercised, and no Share may be issued or transferred, if to do so would contravene any applicable laws.

Where monetary consideration is payable by the Eligible Participant, and in respect to Convertible Securities where the Exercise Price on exercise of those Convertible Securities is greater than zero, the Company must reasonably believe when making an Invitation:

- (i) the total number of Plan Shares that are, or are covered by the Securities that may be issued under an Invitation; and

- (ii) the total number of Plan Shares that are, or are covered by the Securities that have been issued, or could have been issued in connection with the Plan in reliance on Division 1A of Part 7.12 of the Corporations Act at any time during the previous 3 year period prior to the date the Invitation is made,

does not exceed:

- (iii) if the Constitution specifies an issue cap percentage, that percentage; or
- (iv) if the Constitution does not specify an issue cap percentage, 5% (or such other maximum permitted under any Applicable Law),

of the total number of Shares on issue at the date of the Invitation.

- (r) **(Amendment of Plan):** Subject to the following paragraph, the Board may at any time amend any provisions of the Plan rules, including (without limitation) the terms and conditions upon which any Securities have been granted under the Plan and determine that any amendments to the Plan rules be given retrospective effect, immediate effect or future effect.

No amendment to any provision of the Plan rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by all Participants.

- (s) **(Plan duration):** The Plan continues in operation until the Board decides to end it. The Board may from time to time suspend the operation of the Plan for a fixed period or indefinitely, and may end any suspension. If the Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants.

If a Participant and the Company (acting by the Board) agree in writing that some or all of the Securities granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those Securities may be cancelled in the manner agreed between the Company and the Participant.

SCHEDULE 3 – SUMMARY OF TERMS OF LEAD MANAGER OPTIONS

The terms and conditions of the Lead Manager Options to be issued under Resolution 5(b) are as follows:

(a) Entitlement

Subject to paragraph (n), each Lead Manager Option entitles the holder to subscribe for one (1) Share upon exercise of the Lead Manager Option.

(b) Exercise Price

Subject to paragraphs (k) and (m), the amount payable upon exercise of each Lead Manager Option is \$0.25 per Lead Manager Option (**Exercise Price**).

(c) Expiry Date

Each Lead Manager Option will expire at 5:00 pm (WST) on the date that is three (3) years from the date of issue of the Lead Manager Options (**Expiry Date**). A Lead Manager Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

The Lead Manager Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) Notice of Exercise

The Lead Manager Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Lead Manager Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Lead Manager Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Lead Manager Option being exercised in cleared funds (**Exercise Date**).

(g) Timing of issue of Shares on exercise

As soon as practicable after the valid exercise of a Lead Manager Option, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Lead Manager Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Lead Manager Options.

(h) Restrictions on transfer or disposal of Shares

If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on conversion of the Lead Manager Options may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

(i) Shares issued on exercise

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

(j) Quotation of Shares issued on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Lead Manager Options.

(k) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(l) Participation in new issues

There are no participation rights or entitlements inherent in the Lead Manager Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Lead Manager Options without exercising the Lead Manager Options.

(m) Adjustment for rights issue

In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Lead Manager Options, the Exercise Price may be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.

(n) Adjustment for bonus issues of Shares

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

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

(o) Unquoted

The Company will not apply for quotation of the Lead Manager Options on ASX.

(p) Transferability

The Lead Manager Options are only transferable with the prior written approval of the Board and subject to compliance with the Corporations Act and the ASX Listing Rules.

Proxy Voting Form

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

Holder Number:

Your proxy voting instruction must be received by **3:30pm (AWST) on Monday, 28 November 2022**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is 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.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair 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 Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair 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 KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

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.

SIGNING INSTRUCTIONS

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

Joint holding: Where the holding is in more than one name, all 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>.

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at

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

or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



BY MAIL:

Automic
GPO Box 5193
Sydney NSW 2001

IN PERSON:

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL:

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BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

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