



Connected IO Limited
(ACN 009 076 233)

**Notice of General Meeting
and
Explanatory Statement**

**General Meeting of Shareholders to be held at the
offices of Shaw and Partners, Level 20, 108 St
Georges Terrace, Perth WA 6000
at 10.00am (AWST) on 30 June 2021.**

Important

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

NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of Shareholders of Connected IO Limited (ACN 009 076 233) ("**Company**") will be held at the offices of Shaw and Partners, Level 20, 108 St Georges Terrace, Perth WA 6000 commencing at 10.00am (AWST) on 30 June 2021.

The Board has made the decision that it will hold a physical Meeting with the appropriate social gathering and physical distancing measures in place to comply with the Federal Government's and State Government's current restrictions for physical gatherings at the location specified above.

Circumstances relating to COVID-19 are changing rapidly. The Company will update Shareholders if changing circumstances will impact planning or the arrangements for the Meeting by way of announcement on ASX and the details will also be made available on our website at <https://www.connectedio.com/>.

Unless stated otherwise, references to Shares and Options in this Notice of Meeting and Explanatory Statement assume that the Consolidation has occurred and are therefore to be interpreted as being on a post-Consolidation basis.

If Resolution 1 in relation to the Consolidation of Securities was not to be passed by Shareholders eligible to vote on that resolution under this Notice of Meeting, then the effect would be that the issue of Securities under the Transaction Resolutions would all be conducted on a pre-Consolidation basis (i.e. each issue of Shares and Options would be multiplied by ten (10)).

Important: Each of the Transaction Resolutions is subject to, and conditional on, each of the other Transaction Resolutions being passed. Accordingly, the Transaction Resolutions should be considered collectively as well as individually.

The Explanatory Statement that accompanies and forms part of this Notice of Meeting describes in more detail the matters to be considered.

Business

Resolution 1 – Consolidation of Securities

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

"That, for the purposes of section 254H of the Corporations Act, and for all other purposes, approval is given for the consolidation of the Company's existing securities on the basis that:

- (a) every ten (10) pre-consolidation Shares be consolidated into one (1) Share;*
- (b) every ten (10) pre-consolidation Options be consolidated into one (1) Option;*
- (c) every ten (10) pre-consolidation Performance Rights be consolidated into 1 Performance Right; and*
- (d) the Convertible Notes on issue be reorganised in accordance with Listing Rule 7.21,*

with fractional entitlements rounded down to the nearest whole number, on the terms and conditions set out in the Explanatory Statement."

Resolution 2 – Ratification of issue of Stage 1 Placement Shares

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

"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the prior issue by the Company of 37,191,604 Stage 1 Placement Shares (on a pre-

Consolidation basis) under Listing Rule 7.1 at an issue price of \$0.002 each to the Placement Applicants (or their respective nominees) on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who participated in the issue the subject of this Resolution; or an associate of that person (or those persons).

However, the Company need not disregard any vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides;
- It is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - 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
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 3 – Approval for issue of Shares under the Stage 2 Placement

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 7.1, and for all other purposes, approval is given for the Company to issue up to 175,000,000 Stage 2 Placement Shares (on a post-Consolidation basis) at an issue price of \$0.02 each to the Placement Applicants (or their respective nominees) under the Stage 2 Placement, on the terms and conditions set out in this Explanatory Statement.”

Voting exclusion statement

The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit (except a benefit solely in the capacity of a Shareholder) if the Resolution is passed, and any associate of those persons.

However, the Company need not disregard a vote if:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chair as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on this Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - 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 this Resolution; and
 - the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 4 – Approval of issue of Shares and ACN Options to A.C.N. 627 852 797 Pty Ltd

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

“That, subject to all Transaction Resolutions being passed, for the purposes of Listing Rule 7.1, and for all other purposes, approval is given for the Company to issue up to:

- (a) 20,000,000 Shares (on a post-Consolidation basis) at a deemed issue price of \$0.02; and
- (b) 20,000,000 ACN Options each exercisable at \$0.03 each, on or before 3 years from the date of issue,

in satisfaction of the Loan, to A.C.N. 627 852 797 Pty Ltd (and/or its nominees) on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement

The Company will disregard any votes cast in favour of the Resolution by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a Shareholder); or any associate of that person (or those persons).

However, the Company need not disregard any vote if:

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

It is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

- 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
- the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolutions 5(a), (b), (c) and (d) – Approval of issue of Shares to related parties of the Company in lieu of director’s fees

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

“That, subject to all Transaction Resolutions being passed, for the purposes of Listing Rule 10.11, and for all other purposes, approval is given for the Company to issue up to:

- (a) 2,700,000 Shares (on a post-Consolidation basis) to Trident Capital (and/or its nominees);*
- (b) 3,200,000 Shares (on a post-Consolidation basis) to Trident Management Services (and/or its nominees);*
- (c) 2,325,000 Shares (on a post-Consolidation basis) to Shenton James (and/or its nominees); and*
- (d) 2,700,000 Shares (on a post-Consolidation basis) to Davide Bosio (and/or his nominees);*

at an issue price of \$0.02 each, in repayment of services owed to them, on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement

The Company will disregard any votes cast on this Resolution 5(a) and (b) by Adam Sierakowski, Resolution 5(c) by Dougal Ferguson and Resolution 5(d) by Davide Bosio and any person who might obtain a benefit (except a benefit solely in the capacity of a Shareholder) if the Resolutions are passed, and any associate of those persons.

However, the Company need not disregard a vote if:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chair as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on this Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - 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 this Resolution; and
 - the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Proxy Appointment Restriction

In accordance with section 250BD of the Corporation Act, the Company will disregard any votes cast on this Resolution by a member of the KMP or their Closely Related Parties who has been appointed as a proxy unless:

- the appointed proxy votes for a person who is permitted to vote and in accordance with a direction on the proxy form (directed proxy); or
 - the appointed proxy is the Chairman and the appointment of the Chairman as proxy:
 - does not specify the way the proxy is to vote on the resolution; and
- expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

Resolution 6 – Approval of Issue of Shares to pay interest on Line of Credit

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

“That, subject to all Transaction Resolutions being passed, for the purposes of Listing Rule 7.1 and for all other purposes, the Shareholders approve the Company’s issue of up to 5,378,630 Shares (on a post-Consolidation basis) to Tyche Investments Pty Ltd (and/or their nominees) at an issue price of \$0.02 in payment of the accrued interest on the Line of Credit of \$107,573, on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement

The Company will disregard any votes cast on this Resolution by Tyche Investments and a person who might obtain a benefit (except a benefit solely in the capacity of a Shareholder) if the Resolution is passed, and any associate of those persons.

However, the Company need not disregard a vote if:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chair as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on this Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - 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 this Resolution; and
 - the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 7 – Approval of issue of Underwriting Options to 708 Capital Pty Ltd

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 7.1 and for all other purposes, approval is hereby given to issue of up to 8,400,000 Underwriting Options (on a post-consolidation basis) to 708 Capital Pty Ltd (and/or their nominee), each exercisable at \$0.03 each, on or before 3 years from the date of issue, on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement

The Company will disregard any votes cast on this Resolution by 708 Capital Pty Ltd and a person who might obtain a benefit (except a benefit solely in the capacity of a Shareholder) if the Resolution is passed, and any associate of those persons.

However, the Company need not disregard a vote if:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chair as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on this Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - 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 this Resolution; and
 - the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 8 – Approval of issue of Stage 2 Options to sub-underwriters of the Stage 2 Placement and Stage 2 Rights Issue

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 7.1 and for all other purposes, approval is hereby given to issue of up to 33,600,000 Stage 2 Options (on a post-consolidation basis) to sub-underwriters of the Stage 2 Placement and Stage 2 Rights Issue (and/or their nominees), each exercisable at \$0.03 each, on or before 3 years from the date of issue, on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement

The Company will disregard any votes cast on this Resolution by sub-underwriters of the Stage 2 Placement and Stage 2 Rights Issue and a person who might obtain a benefit (except a benefit solely in the capacity of a Shareholder) if the Resolution is passed, and any associate of those persons.

However, the Company need not disregard a vote if:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chair as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on this Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - 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 this Resolution; and
 - the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolutions 9(a), (b) and (c) – Approval of issue of Director Options to Directors

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

“That, subject to all Transaction Resolutions being passed, under and for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to:

- (a) 5,000,000 Director Options (on a post-Consolidation basis) to Dougal Ferguson (and/or his nominees);*
- (b) 2,000,000 Director Options (on a post-Consolidation basis) to Davide Bosio (and/or his nominees); and*
- (c) 2,000,000 Director Options (on a post-Consolidation basis) to Adam Sierakowski (and/or his nominees)*

each exercisable at \$0.03 each, on or before 3 years from the date of issue, on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of; Resolution 9(a) by Dougal Ferguson, Resolution 9(b) by Davide Bosio and Resolution 9 (c) Adam Sierakowski and any other person who will obtain a material benefit as a result of the Resolution (except a benefit solely by reason of being a holder of ordinary securities in the entity), and any associate of those persons (as applicable).

However, the Company need not disregard a vote if:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chair as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on this Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - 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 this Resolution; and
 - the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolutions 10(a), (b) and (c) – Approval of participation of Related Companies in the Stage 2 Placement

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

“That, subject to all Transaction Resolutions being passed, for the purposes of Listing Rule 10.11 and all other purposes, approval is given for the Company to issue up to:

- (a) 1,500,000 Shares (on a post-Consolidation basis) to Shenton James Pty Ltd (and/or its nominees); and*
- (b) 6,500,000 Shares (on a post-Consolidation basis) to DJ Carmichael Pty Limited (and/or its nominees);*

at an issue price of \$0.02 each, on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of; Resolution 10(a) by Dougal Ferguson and Resolution 10(b) Davide Bosio and any other person who will obtain a material benefit as a result of the Resolution (except a benefit solely by reason of being a holder of ordinary securities in the entity), and any associate of those persons (as applicable).

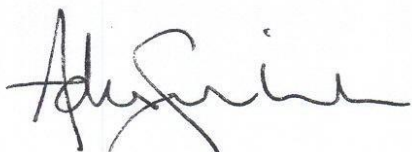
However, this does not apply to a vote cast in favour of the Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on this Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - 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 this Resolution; and
 - the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Other business

In accordance with section 250S(1) of the Corporations Act, Shareholders are invited to ask questions about or make comments on the management of the Company and to raise any other business which may lawfully be brought before the General Meeting.

By Order of the Board

A handwritten signature in dark ink, appearing to read 'Adam Sierakowski', written over a horizontal line.

Adam Sierakowski
Non-Executive Director
Connected IO Limited

28 May 2021

EXPLANATORY STATEMENT

IMPORTANT INFORMATION

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the General Meeting to be held at the offices of Shaw and Partners, Level 20, 108 St Georges Terrace, Perth WA 6000 commencing at 10.00am (AWST) on 30 June 2021.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice of Meeting.

Important: Each of the Transaction Resolutions is subject to, and conditional on, each of the other Transaction Resolutions being passed. Accordingly, the Transaction Resolutions should be considered collectively as well as individually.

This Explanatory Statement should be read in conjunction with the Notice of Meeting. If Shareholders are in doubt as to how to vote, they should seek advice from their professional adviser prior to voting.

INTERPRETATION

Capitalised terms which are not otherwise defined in this Notice and Explanatory Statement have the meanings given to those terms under the Definitions section.

References to “\$” and “A\$” in this Notice and Explanatory Statement are references to Australian currency unless otherwise stated.

References to time in this Notice and Explanatory Statement relate to the time in Perth, Western Australia.

VOTING EXCLUSION STATEMENTS

Certain voting restrictions apply to the Resolutions as detailed beneath each of the applicable Resolutions.

PROXIES

Please note that:

- a Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- a proxy need not be a member of the Company;
- a Shareholder may appoint a body corporate or an individual as its proxy;
- a body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Shareholder's proxy; and
- Shareholders 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.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company or its share registry in advance of the General Meeting or handed in at the General Meeting when registering as a corporate representative.

A Proxy Form is enclosed with this 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 to attend the Meeting or, if they are unable to attend the Meeting, sign and return the Proxy Form to the Company in accordance with the instructions on the Proxy Form. Lodgement of a Proxy Form will not preclude a Shareholder from attending or (subject to the voting exclusions set out in the Notice) voting at the Meeting via the online meeting platform.

Proxy Forms must be received by the Company no later than 5.00pm (AWST) on 28 June 2021, being at least 48 hours before the Meeting.

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

VOTING ENTITLEMENTS

In accordance with Regulations 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth), the Board has determined that a person's entitlement to vote at the General Meeting will be the entitlement of that person set out in the register of Shareholders as at 5.00pm (AWST) on 28 June 2021. Accordingly, transactions registered after that time will be disregarded in determining Shareholders' entitlements to attend and vote at the General Meeting.

1 PROPOSED TRANSACTION

1.1 Background

The Company was registered as an Australian public company limited by shares on or about 22 September 1983 as MC Mining NL and listed on the ASX on 16 August 1984. Since its admission, the Company has evolved and changed its scale and business on a number of occasions and, in recent years, the Company has primarily focused on the provision of hardware, software and cloud-based Internet of Things (IoT) and machine-to-machine solutions for businesses.

1.2 Debt Restructuring

Due to the adverse impact of COVID-19 on the Company in the half-year that ended 31 December 2020, the Company has enacted cost reduction initiatives and is the process of completing a strategic review of the current business. As part of this strategic review, the Company has determined that a re-structure of the Company's balance sheet and debt is required ("**Debt Restructuring**").

The Debt Restructuring is set out in this section 1.2 below in more detail.

(a) Convertible Notes

In or about June 2017, the Company entered into an agreement with Gorilla Pit under which Gorilla Pit agreed to act as nominee for a syndicate of investors who were investing funds into the Company via a convertible loan facility ("**Convertible Note**"). The Convertible Note established the principal terms and conditions of the loan facility that involved the Company undertaking a short-term financing facility of up to \$1,500,000 to provide working capital for the Company by entering into Convertible Notes with the syndicate of investors as coordinated by Gorilla Pit.

All of the convertible loan agreements entered into between the Convertible Noteholders and the Company in conjunction with the Convertible Note ("**Convertible Notes**") were varied under a letter of amendment dated on or about 30 June 2020 whereby the maturity date of all of the Convertible Notes were extended to 30 June 2021.

A total of twenty three (23) Convertible Noteholders (being investors or clients introduced by 708 Capital) were issued Convertible Notes by the Company under the Convertible Note with a total face value of all of the Convertible Notes being \$1,321,000.

The Company announced on or about 9 July 2020 that nineteen (19) out of twenty three (23) Convertible Noteholders had agreed to extend their loan facility for a further twelve (12) months to 30 June 2021. The total value of the Convertible Notes of the nineteen (19) Convertible Noteholders was \$1,141,000.

The Company subsequently announced on or about 16 September 2020 that all of the Convertible Noteholders had agreed to extend their loan facility for a further twelve (12) months to 30 June 2021. The total value of the Convertible Notes was \$1,321,000.

Subject to:

- (a) the Company raising the full amount prescribed by the Stage 2 Placement; and
- (b) Shareholder approval being obtained for the Transaction Resolutions,

the Company intends to utilise \$1,321,000 raised under the Stage 2 Placement to repay the remaining Convertible Notes to the Convertible Noteholders plus approximately \$181,469 in accrued interest owing on the Convertible Notes. Therefore, upon completion of the Stage 2 Placement, the Company expects to repay in full all of the remaining Convertible Notes on issue plus any accrued interest owing on the Convertible Notes.

(b) **Tyche Investments Line of Credit Facility**

The Company entered into a line of credit facility with Tyche Investments, which is a private entity controlled by 708 Capital, in or about July 2019 whereby Tyche Investments agreed to provide a Line of Credit of up to \$500,000 to enable the Company to accelerate its manufacturing of substantial pending purchase orders ("**Line of Credit**"). This Line of Credit was extended with Tyche Investments from \$500,000 to \$700,000 on or about 21 November 2019. Subsequently, the maturity date of the Line of Credit has, through various extensions agreed between the parties, been extended to 30 June 2021.

As of the date of this Notice, the Company has drawn down over various periods a total of \$770,000 and has repaid a total of \$370,000 of the \$700,000 available under the Line of Credit to Tyche Investments, meaning that balance owing at the date of this Notice is \$400,000.

The Company intends to issue Tyche investments with 5,378,630 Shares (on a post-Consolidation basis) to repay the interest owing, being \$107,573, on the Line of Credit. The Company intends to repay the remainder balance owing of the Line of Credit in the future.

(c) **A.C.N. 627 852 797 Loan**

The Company entered into a loan agreement with A.C.N. 627 852 797 on or about 9 December 2020 whereby A.C.N. 627 852 797 as a nominee agreed to provide a loan facility to the Company to advance funds up to an amount of \$400,000 to be used for assisting the payment of inventory production ("**Loan**"). The Loan was to be provided in three (3) tranches with the final drawdown date being on or about 28 February 2021.

As at the date of this Notice, the Company has drawn down the entirety of the Loan and intends to issue A.C.N. 627 852 797 with 20,000,000 Shares and 20,000,000 ACN Options (on a post-Consolidation basis) to repay the Loan, being \$400,000, to A.C.N. 627 852 797.

A.C.N. 627 852 797 entered into subsequent agreements with two unrelated entities for which it was acting as nominee ("**ACN Nominees**") whereby they the ACN Nominees each agreed to advance \$200,000 (i.e. \$400,000 in total) to A.C.N. 627 852 797, for it to be advanced to the Company pursuant to the Loan ("**Subsequent Loan Agreements**"). Pursuant to the Subsequent Loan Agreements, A.C.N. 627 852 797 will issue all of the ACN Options and Shares issued to them (pursuant to Resolution 3) to the ACN Nominees.

Subject to Shareholder approval of the Debt Restructuring set out above, the Company will substantially reduce the liabilities on its balance sheet with the only outstanding loan being the balance of \$400,000 owing under the Tyche Investments Line of Credit.

1.3 **Capital Raisings**

The Company has recently raised funds and intends to raise further capital to assist with the Debt Restructuring process detailed in section 1.2 of this Notice. The process for raising capital are the Placements and Rights Issues (as those terms are defined below), which in part have already been completed (Stage 1) with Stage 2 of the Debt Restructuring to commence shortly in accordance with the details below.

(a) **Rights Issue**

(i) **Stage 1**

The Company announced on 19 January 2021 that it intended to offer a non-renounceable, pro-rata offer of 247,944,029 Shares (pre-Consolidation basis) at an issue price of \$0.002 each on the basis of one (1) new Share for every (1) Share held by eligible shareholders (as that term was defined in the offer document) at the record date, being 22 January 2021, to raise approximately \$495,888 (before costs) ("**Stage 1 Rights Issue**").

The Stage 1 Rights Issue was fully underwritten by 708 Capital and the underwriter was entitled to be paid a fee equal to 6% of the amounts raised under both the Stage 1 Rights Issue and Stage 1 Placement (defined below) in relation to the Stage 1 Rights Issue.

The Company announced on 16 February 2021 that valid applications were received for 128,597,018 Shares from eligible shareholders under the Stage 1 Rights Issue with the remaining 119,347,011 Shares comprising the Shortfall Shares to oversubscribed eligible shareholders and 708 Capital.

The Company issued 160,020,399 Shares under the Stage 1 Rights Issue on or about 18 February 2021 and then the remaining 88,923,630 on or about 26 February 2021 to raise the entirety of the \$495,888 (before costs).

(ii) **Stage 2**

The Company has announced it intends to conduct a secondary non-renounceable, pro-rata offer of 533,079,662 (pre-Consolidation basis) at an issue price of \$0.002 each on the basis of one (1) new Share for every (1) Share held by eligible shareholders at a record date to be determined by the Company, to raise approximately \$1,066,159 (before costs) ("**Stage 2 Rights Issue**").

The Stage 2 Rights Issue is proposed to be fully underwritten by 708 Capital and the underwriter will be entitled to be paid a fee equal to 6% of the amounts raised under both the Stage 2 Rights Issue and Stage 2 Placement (defined below) in relation to the Stage 2 Rights Issue.

The Stage 1 Rights Issue and Stage 2 Rights Issue (collectively, the "**Rights Issues**") intend to raise approximately \$1,500,000 for the Company, of which approximately \$495,888 has already been raised pursuant to the Stage 1 Rights Issue.

The Company has not received Shareholder approval for and/or ratification of the issue of Shares under the Rights Issues (including the issue of the Shortfall Shares) as it has relied upon exceptions 1 and 2 of section 7.2 of the ASX Listing Rules.

(b) **Placement**

(i) **Stage 1**

The Company announced on 19 January 2021 that, in conjunction with the Stage 1 Rights Issue, it also intended to issue 37,191,604 Shares (pre-Consolidation basis) under a placement to the Placement Applicants at an issue price of \$0.002 to raise approximately \$75,000 (before costs) ("**Stage 1 Placement**").

The Company issued 37,191,604 Shares ("**Stage 1 Placement Shares**") under the Stage 1 Placement on or about 27 January 2021 to raise the entirety of the \$74,383 (before costs).

The Stage 1 Placement was within the Company's capacity under ASX listing Rules 7.1 with 37,191,604 Stage 1 Placement Shares issued under Listing Rule 7.1. Nevertheless, the Company is seeking Shareholder ratification for the issue of the Stage 1 Placement Shares in Resolution 2 of this Notice.

(ii) **Stage 2**

The Company has announced it intends to conduct a secondary issue of 175,000,000 Shares (post-Consolidation basis), subsequent to the Stage 2 Rights Issue, under a placement to the Placement Applicants at an issue price of \$0.02 each to raise approximately \$3,500,000 (before costs) ("**Stage 2 Placement**").

As noted at section 1.2(a) of this Notice above, the Company intends to utilise \$1,321,000 raised under the Stage 2 Placement to repay the remaining

Convertible Notes to the Convertible Noteholders plus approximately \$181,469 in accrued interest owing on the Convertible Notes. Therefore, upon completion of the Stage 2 Placement, the Company expects to repay in full all of the remaining Convertible Notes on issue including any accrued interest owing on the Convertible Notes.

The Stage 2 Placement is proposed to be fully underwritten by 708 Capital and the underwriter will be entitled to be paid a fee equal to 6% of the amounts raised under both the Stage 2 Rights Issue and Stage 2 Placement in relation to the Stage 2 Rights Issue.

The Company is seeking Shareholder approval for the issue of the Stage 2 Placement Shares in Resolution 4 of this Notice (before costs).

The Stage 1 Placement and Stage 2 Placement (collectively, the “**Placements**”) intend to raise approximately \$3,575,000 for the Company, of which approximately \$75,000 has already been raised pursuant to the Stage 1 Placement.

Funds under the Capital Raisings will be used in accordance with the table set out in section 1.5.

The underwriting fees and other costs associated with the Capital Raisings under this section 1.3 will be approximately \$308,186 (being \$34,216 for the Stage 1 Rights Issue and Stage 1 Placement (already paid) and \$273,970 for the Stage 2 Rights Issue and Stage 2 Placement).

1.4 Indicative Timetable

The indicative timetable for the Debt Restructuring and Capital Raisings is set out below.

Event	Date
Announcement of Stage 2 Placement and Stage 2 Rights Issue Offer Document	28 May 2021
Release of Stage 2 Rights Issue Offer Document, Cleansing Notice and Appendix 3B with ASX	28 May 2021
Ex-date for Stage 2 Rights Issue	1 June 2021
Record Date (date for determining Eligible Shareholders to participate in the Stage 2 Rights Issue)	2 June 2021
Stage 2 Rights Issue Offer Opening Date – Offer Document and personalised Entitlement and Acceptance Forms sent to Shareholders	4 June 2021
Last day to extend the Stage 2 Rights Issue Offer Closing Date	16 June 2021
Closing Date for Stage 2 Rights Issue	21 June 2021
New Shares quoted on a deferred settlement basis	22 June 2021
Notification to ASX of Stage 2 Rights Issue Shortfall	24 June 2021
Issue date for New Shares and lodgement of Appendix 2A with ASX applying for quotation of the securities	28 June 2021
Quotation of New Shares under the Offer	29 June 2021
Issue of Shortfall Shares and Appendix 2A	29 June 2021

Meeting Date	30 June 2021
Issue of Stage 2 Placement Shares and Debt Restructuring Shares, Cleansing Notice and Appendix 2A	1 July 2021
Record Date for Consolidation	7 July 2021

Note: the above dates are indicative only and are subject to change.

1.5 Proposed Use of Funds

In the event the Transaction Resolutions are not passed, the Company intends to use the funds raised from the Stage 2 Capital Raisings as set out in the table below. In the event the Transaction Resolutions are passed, the Company will have additional working capital to allocate towards its business plan and objectives.

Item	Amount
Face Value of Convertible Notes (assuming no Convertible Noteholders elect to convert their Convertible Notes prior to repayment)	\$1,321,000
Accrued interest on owing on Convertible Notes to 30 June 2021	\$181,469
Tyche Line of Credit accrued interest to 31 March 2021	\$107,573
Repayment of the A.C.N. 627 852 797 Loan	\$400,000
Accrued Director and Company Secretarial Fees	\$214,000
Working Capital	\$2,033,931
Cost of the Offers	\$308,186
Total	\$4,566,159

Note: the above figures are indicative only and are subject to change.

1.6 Pro-Forma Capital Structure

The pro forma capital structure of the Company, assuming the Resolutions are passed and the Consolidation completes, is set out in the table below.

Security	Existing	Completion of Capital Raisings
Existing Shares ¹	533,079,662	533,079,662
Total Shares (after stage 1)²	533,079,662	533,079,662
Consolidation (1:10 basis)	53,307,966	53,307,966
Stage 2 Placement	-	175,000,000
Stage 2 Rights Issue	-	53,307,966
Issue of Shares to A.C.N. 627 852 797	-	20,000,000
Conversion of interest on Line of Credit	-	5,378,630
Conversion of repayment for director's fees in lieu of payment	-	10,925,000
Total Shares (after stage 2)³	53,307,966	317,919,562
Unlisted Options ⁴	750,000	750,000
Class A Performance Rights	1,000,000	1,000,000
Class B Performance Rights	1,000,000	1,000,000
Convertible Notes	23	0
Issue of Underwriting Options	-	8,400,000
Issue of Stage 2 Options		33,600,000
Issue of ACN Options	-	20,000,000
Issue of Director Options	-	9,000,000
Fully Diluted Capital Structure	56,057,966	391,669,562

Note:

- (1) Assumes no additional Shares are issued between the date of this Notice and completion of the proposed transaction under this Notice.
- (2) The existing shares on issue includes the Stage 1 Placement and Stage 1 Rights Issue Shares, as they have already been issued.
- (3) All other amounts are provided on a post-Consolidation basis.
- (4) The unlisted options (CIOAE) are exercisable at \$0.10 and expiring on 20/12/2022.

2 REGULATORY INFORMATION

2.1 Resolution 1 – Consolidation of Securities

Resolution 1 is an ordinary resolution which proposes that the issued capital of the Company be altered by consolidating the existing securities on a 1 for 10 basis ("**Consolidation**"). The record date for determining the Consolidation will be on 7 July 2021. Any fractional entitlements as a

result of holdings not being evenly divisible by 10 will be rounded down to the nearest whole number.

Section 254H of the Corporations Act

Section 254H of the Corporations Act enables a company to convert all of its ordinary securities into a smaller number of securities by a resolution passed at a general meeting. The conversion proposed by Resolution 1 is permitted under section 254H of the Corporations Act.

The Consolidation will not result in any change to the substantive rights and obligations of existing Shareholders. As a result of the large number of Shares currently on issue, the purpose of the Consolidation is to reorganize the Company's share capital which, in turn, will provide a higher nominal price per Share.

The Consolidation will reduce the number of existing securities on issue. For example, a Shareholder currently holding 100,000 Shares will, as a result of the Consolidation, hold 10,000 Shares, and an Option holder currently holding 100,000 Options will, as a result of the Consolidation, hold 10,000 Options.

The Company's balance sheet and tax position will remain unaltered as a result of the Consolidation.

(a) Shares

The Company's issued share capital as a result of the Consolidation on a 1 for 10 basis will be as follows (subject to rounding):

	Pre-Consolidation	Post-Consolidation
Shares on issue	533,079,662	53,307,966

(b) Options

The Listing Rules require the Company to consolidate the number of existing Options of the Company on the same 1 for 10 ratio with the exercise price being amended in inverse proportion to that ratio. Accordingly, the existing Options will be consolidated as follows (subject to rounding):

	Pre-Consolidation		Post-Consolidation	
Expiry date	Number of Options	Exercise price	Number of Options	Exercise price
20/12/2020	7,500,000	\$0.10	750,000	\$1.00
Total	7,500,000		750,000	

(c) Performance Shares and Performance Rights

The Company's Performance Shares and Performance Rights as a result of the Consolidation on a 1 for 10 basis will be as follows (subject to rounding):

	Pre-Consolidation	Post-Consolidation
Securities	Number	Number
Class A Performance Rights	10,000,000	1,000,000

Class B Performance Rights	10,000,000	1,000,000
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(d) **Convertible Notes**

The Company also has 23 convertible notes on issue with an aggregate face value of \$1,321,000 (**Convertible Notes**). The Company originally issued these Convertible Notes with a conversion price of \$0.003 per share. However, the convertible note terms provide that if the Company reorganises its capital in any way while a convertible note is on issue, in respect of a convertible note, the number of Shares to be issued on conversion will be reorganised so that the convertible note holder will not receive a benefit the holders of Shares do not receive and vice versa. Further, ASX Listing Rule 7.21 requires the reorganisation of the convertible notes so that the holder of such notes will not receive a benefit that holders of Shares do not receive.

Since the original issue of the Convertible Notes, the Company has undertaken one previous consolidation which increased the conversion price on the notes to \$0.03 per share (based on the prior 1 for 10 consolidation ratio). The current proposed consolidation will therefore increase the conversion price of the Convertible Notes to \$0.30 per share.

With the Convertible Notes currently set to mature on 30 June 2021 and with the current conversion price being well in excess of the Company's current share price, the Company intends to utilise \$1,321,000 raised under the Stage 2 Placement to repay the remaining Convertible Notes plus approximately \$181,469 in accrued interest owing on the Convertible Notes. Therefore, upon completion of the Stage 2 Placement, the Company expects to repay in full all of the remaining Convertible Notes on issue including any accrued interest owing on the Convertible Notes and therefore, upon completion of the Stage 2 Placement there will be no Convertible Notes on issue.

(c) **Holding Statements**

Following the Consolidation, all existing holding statements will cease to have any effect, except as evidence of entitlement to a certain number of securities (on a post-Consolidation basis). After the Consolidation becomes effective, the Company will arrange for new holding statements for to be issued to security holders.

(d) **Timetable**

If Resolution 1 is passed, the Consolidation will take effect in accordance with the timetable set out in paragraph 7 of Appendix 7A of the Listing Rules as set out below.

Consolidation Event	Date
Announcement of Consolidation	28 May 2021
Meeting Date	30 June 2021
Notification to ASX that Consolidation is approved & Effective Date	2 July 2021
Last day of trading before the Consolidation of Securities	5 July 2021
Commencement of post-Consolidation Securities commences on a deferred settlement basis	6 July 2021
Record Date for Consolidation	7 July 2021
Company to update register of Shareholders	14 July 2021

Company to send holding statements to Shareholders reflecting the change in number of Securities held	
Company to notify ASX that update to register of Shareholders and delivery of holding statements has occurred	

Directors' recommendation

The Directors unanimously recommend that Shareholders approve Resolution 1.

2.2 Resolution 2 - Ratification of issue of Stage 1 Placement Shares

The Company is seeking Shareholder approval to ratify the prior issue of 37,191,604 Shares, which were issued on or about 27 January 2021 under the Stage 1 Placement to the Stage 1 Placement Applicants in accordance with Listing Rule 7.4.

Listing Rule 7.4

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of shareholders is required for an issue of securities by a company if those securities, when aggregated with the securities issued by the company during the previous twelve (12) months (without approval and which were not subject to an exception), exceed fifteen percent (15%) of the number of shares on issue at the commencement of that twelve (12) month period.

Listing Rule 7.1A provides that eligible entities may, subject to shareholder approval by special resolution, issue equity securities up to ten (10%) of its issued capital over a period of twelve (12) months after the General Meeting. Shareholder approval was obtained pursuant to Listing Rule 7.1A on 27 October 2020.

Listing Rule 7.4 sets out the procedure and effect of Shareholder approval of a prior issue of securities and provides that where shareholders in general meeting ratify a previous issue of securities made without approval under Listing Rule 7.1, provided that the previous issue of securities did not breach ASX Listing Rule 7.1, those securities shall be deemed to have been made with shareholder approval for the purposes of Listing Rule 7.1.

By ratifying the Placement Shares, the Company will retain the flexibility to issue equity securities in the future up to the fifteen percent (15%) placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Listing Rule 7.5 requires that the following information be provided to the Shareholders in relation to obtaining approval of Resolution 2 for the purposes of Listing Rule 7.4:

(a) **Number of securities issued**

37,191,604 Shares (on a pre-Consolidation basis).

(b) **Price at which the securities were issued**

\$0.002 per Share (on a pre-Consolidation basis).

(c) **Terms of the securities**

The Shares issued under the Stage 1 Placement rank equally in all respects with existing Shares on issue.

(d) **Name of the persons to whom the entity will issue the securities or the basis on which those persons were determined**

The Shares were issued to the Stage 1 Placement Applicants, being clients of, or investors introduced by 708 Capital.

No Stage 1 Placement Applicant is a related party of the Company.

(e) **Intended use of the funds raised**

Funds raised were used to for general working capital purposes.

Listing Rule 14.1A

Listing Rule 14.1A provides that a notice of meeting which contains a resolution approval of security holders under the listing rules must summarise the relevant listing rule (see summary of Listing Rule 7.4 above) and what will happen if security holders give, or do not give, that approval.

If Resolution 2 is approved by Shareholders, then the Stage 1 Placement Shares will be excluded in calculating the Company's fifteen percent (15%) limit in Listing Rule 7.1 and the Company will retain the flexibility to issue equity securities in the future up to the fifteen percent (15%) placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

If Resolution 2 is not approved by Shareholders, the Stage 1 Placement Shares will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the twelve (12) month period following the date of issue of the Stage 1 Placement Shares.

Directors' recommendations

The Directors unanimously recommend that Shareholders vote in favour of Resolution 2.

2.3 Resolution 3 – Approval of Issue of Shares under the Stage 2 Placement

Resolution 3 is an ordinary resolution which seeks to approve the issue of 175,000,000 Shares at an issue price of \$0.02 each to the Stage 2 Placement Applicants under the Stage 2 Placement, to raise \$3,500,000.

The issue of Shares under the Stage 2 Placement requires approval for the purposes of Listing Rule 7.1 by way of an ordinary resolution, meaning that at least fifty percent (50%) of votes must be cast in favour of the Resolution in order for it to be passed.

Listing Rule 7.1

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of shareholders is required for an issue of securities by a company if those securities, when aggregated with the securities issued by the company without approval and which were not subject to an exception during the previous twelve (12) months, exceed fifteen percent (15%) of the number of shares on issue at the commencement of that twelve (12) month period.

Listing Rule 7.1 provides that where a company approves an issue of securities, the company's fifteen percent (15%) capacity will be replenished and the company will be able to issue further securities up to that limit.

Resolution 3 seeks approval for the issue of 175,000,000 Shares to raise \$3,500,000. If Resolution 3 is approved, the Shares issued will not affect the capacity of the Company to issue securities in the next twelve (12) months under Listing Rule 7.1 as those securities, once issued, will be excluded from the calculations under Listing Rule 7.1.

For the purposes of Listing Rule 7.3, the following information is provided in relation to Resolution 3:

(a) **Maximum Number of Securities the Entity is to Issue**

175,000,000 Shares (on a post-Consolidation basis).

1,750,000,000 Shares (on a pre-Consolidation basis).

(b) **Date by which the Entity will Issue the Securities**

The Shares will be issued at completion of the proposed transaction contemplated by this Notice, which is anticipated to be on or about 1 July 2021. In any event, however, no Shares will be issued later than three (3) months after the Meeting (or any such longer period permitted by ASX).

(c) **Issue Price of the Securities**

The issue price for the Shares is \$0.02 each (on a post-Consolidation basis).

The issue price for the Shares is \$0.002 each (on a pre-Consolidation basis).

(d) **Names of the Persons to whom the Entity will Issue the Securities (if known) or basis upon those Persons will be Identified or Selected**

The Shares will be issued to Stage 2 Placement Applicants who are clients of 708 Capital. No Shares will be issued to related parties of the Company, and no Shares will be issued in contravention of the takeover prohibition in section 606 of the Corporations Act.

(e) **Terms of the Securities**

The Shares will rank equally in all respects with existing Shares on issue.

(f) **Intended use of the funds raised**

Funds raised under the Stage 2 Placement will be used for the purposes set out in section 1.5 (proposed use of funds) of this Notice.

Listing Rule 14.1A

Listing Rule 14.1A provides that a notice of meeting which contains a resolution seeking approval of security holders under the listing rules must summarise the relevant listing rule (see summary of Listing Rule 7.1 above) and what will happen if security holders give, or do not give, that approval.

If Resolution 3 is approved by Shareholders, then the Stage 2 Placement Shares will be excluded in calculating the Company's fifteen percent (15%) limit in Listing Rule 7.1 and the Company will retain the flexibility to issue equity securities in the future up to the fifteen percent (15%) placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

If Resolution 3 is not approved by Shareholders, the Stage 2 Placement Shares will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the twelve (12) month period following the date of issue of the Stage 2 Placement Shares.

Directors' Recommendation

The Directors unanimously recommend that Shareholders approve Resolution 3.

2.4 Resolution 4 – Approval of issue of Shares and ACN Options to A.C.N. 627 852 797

Resolution 4 is an ordinary resolution and seeks Shareholder approval under Listing Rule 7.1, for the issue of 20,000,000 Shares at a deemed issue price of \$0.02 and 20,000,000 Options, each exercisable at \$0.03 each and an expiry of 3 years from the date of issue to A.C.N. 627 852 797 (and/or its nominees) in lieu of repayment of the Loan by the Company from A.C.N. 627 852 797.

As noted at 1.2(c) above, pursuant to the Subsequent Loan Agreements, A.C.N. 627 852 797 will nominate the ACN Nominees to be issued all of the ACN Options and Shares to be issued in repayment of the Loan. Accordingly, when the Company issues the ACN Options and Shares (subject to receiving Shareholder approval) pursuant to this Resolution 4, A.C.N. 627 852 797 will not be issued any Shares and ACN Options and they will be issued directly to the ACN Nominees.

Listing Rule 7.1

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of shareholders is required for an issue of securities by a company if those securities, when aggregated with the securities issued by the company without approval and which were not subject to an exception during the previous twelve (12) months, exceed fifteen percent (15%) of the number of shares on issue at the commencement of that twelve (12) month period.

Listing Rule 7.1 provides that where a company approves an issue of securities, the company's fifteen percent (15%) capacity will be replenished and the company will be able to issue further securities up to that limit.

Resolution 4 seeks approval for the issue of 20,000,000 Shares and 20,000,000 ACN Options for the purpose of satisfying the requirements of Listing Rule 7.1. If Resolution 4 is approved, the Shares and ACN Options issued will not affect the capacity of the Company to issue securities in the next 12 months under Listing Rule 7.1 as those securities, once issued, will be excluded from the calculations under Listing Rule 7.1.

For the purposes of Listing Rule 7.3, the following information is provided to Shareholders in relation to Resolution 4:

(g) Maximum number of securities the entity is to issue

20,000,000 Shares and 20,000,000 ACN Options (on a post-Consolidation basis).

200,000,000 Shares and 200,000,000 ACN Options (on a pre-Consolidation basis).

(h) Date by which the entity will issue the securities

The Shares and ACN Options will be issued at completion of the proposed transaction contemplated by this Notice, which is anticipated to be on or about 1 July 2021. In any event, however, no Shares or ACN Options will be issued to the ACN Nominees later than three (3) months after the Meeting (or any such longer period permitted by ASX).

(i) Issue price of the securities

The issue price for the Shares is nil, at a deemed issue price of \$0.02 per Share (on a post-Consolidation basis or \$0.002 per Share on a pre-Consolidation basis). The issue price for the ACN Options is \$0.00001 per ACN Option, with an exercise price of \$0.03 per ACN Option (on a post-Consolidation basis Or \$0.03 per ACN Option on a pre-Consolidation basis).

Therefore, the cash consideration that is payable for the Shares and the ACN Options totals a maximum of \$200.

(j) Names of the persons to whom the entity will issue the securities (if known) or basis upon which those persons will be identified or selected

ACN Nominees.

(k) Terms of the securities

The Shares will rank equally in all respects with existing Shares on issue.

The ACN Options will be exercisable at \$0.03 each and an expiry of 3 years from their date of issue. The terms and conditions of the ACN Options are set out at Annexure A.

(l) Intended use of the funds raised

No funds will be raised by the issue of Shares under Resolution 4 as they are being issued in lieu of repayment of the Loan ultimately owed by the Company to the ACN Nominees.

Up to \$200 will be raised by the issue of the ACN Options which will be used for working capital purposes.

Listing Rule 14.1A

Listing Rule 14.1A provides that a notice of meeting which contains a resolution seeking approval of security holders under the listing rules must summarise the relevant listing rule (see summary of Listing Rule 7.1 above) and what will happen if security holders give, or do not give, that approval.

If Resolution 4 is approved by Shareholders, then the Shares and ACN Options to A.C.N. 627 852 797 will be excluded in calculating the Company's fifteen percent (15%) limit in Listing Rule 7.1 and the Company will retain the flexibility to issue equity securities in the future up to the fifteen percent (15%) placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

If Resolution 4 is not approved by Shareholders, the Shares and ACN Options will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the twelve (12) month period following the date of issue of the Shares and ACN Options to A.C.N. 627 852 797.

Directors' recommendations

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4.

2.5 Resolution 5(a), (b), (c) and (d) – Approval of issue of Shares to related parties of the Companies

Resolutions 5(a) to (d) are ordinary resolutions which seeks to approve the issue of:

- 2,700,000 Shares to Trident Capital (and/or its nominees);
- 3,200,000 Shares to Trident Management Services (and/or its nominees);
- 2,325,000 Shares to Shenton James (and/or his nominees); and
- 2,700,000 Shares to Davide Bosio (and/or his nominees),

in part payment of the fees that they would normally earn in his capacity as Non-Executive Directors, Company Secretary or other services provided to the Company under the terms of their appointment.

The issue of Shares to Adam Sierakowski, Trident Management Services, Shenton James and David Bosio (and/or its nominees) (together "**Related Parties**") requires approval for the purposes of section 208 of the Corporations Act and Listing Rules 7.11 and 10.11 by way of an ordinary resolution, meaning that at least fifty percent (50%) of votes must be cast in favour of the Resolution in order for it to be passed.

Section 2E of the Corporations Act

For a public company to give a financial benefit to a related party of the public company, the public company must:

- obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- 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 Shares constitutes giving a financial benefit as the Non-Executive Directors are related parties of the Company by virtue of being Directors.

The Board has considered the application of Chapter 2E of the Corporations Act and has resolved that the reasonable remuneration exception provided by Section 211 of the Corporations Act is relevant in the circumstances and accordingly, the Company will not seek approval for the issue of the shares to the related parties pursuant to Section 208 of the Corporations Act.

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:

- 10.11.1 a related party;
- 10.11.2 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;
- 10.11.3 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;
- 10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- 10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issue of Shares to the Related Parties, falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of the Company's Shareholders under Listing Rule 10.11.

Resolutions 5(a), (b), (c) and (d) seeks the required Shareholder approval to the issue of Shares to the Related Parties, under and for the purposes of Listing Rule 10.11.

If Resolutions 5(a), (b), (c) and (d) is passed, the Company will be able to proceed with the issue of Shares to the Related Parties and not have to pay for their services with cash.

If Resolutions 5(a), (b), (c) and (d) is not passed, the Company will not be able to proceed with the issue of Shares to the Related Parties and will have to pay the Related Parties.

Further, exception 14 of Listing Rule 7.2 states that approval pursuant to Listing Rule 7.1 is not required if Shareholder approval is obtained under Listing Rule 10.11.

As set out above, Trident Capital, Trident Management Services, Shenton James and Davide Bosio are related parties of the Company for the purposes of section 228 of the Corporations Act. Accordingly, Shareholder approval is sought under Listing Rule 10.11 to permit the issue of Shares to Trident Capital, Trident Management Services, Shenton James and Davide Bosio.

If Resolutions 5(a), (b), (c) and (d) is approved, the Shares issued will not affect the capacity of the Company to issue securities in the next twelve (12) months under Listing Rule 7.1 as those securities, once issued, will be excluded from the calculations under Listing Rule 7.1.

For the purposes of Listing Rule 10.13, the following information is provided to Shareholders in relation to Resolutions 5(a), (b), (c) and (d):

(a) **Name of the person and category of person for purposes of Listing Rule 10.11**

- Trident Capital (and/or its nominees) (a related party);
- Trident Management Services (and/or its nominees) (a related party);
- Shenton James (and/or its nominees) (an associate of a related party); and
- Davide Bosio (and/or its nominees) (a director of the Company).

(b) **Maximum number of securities to be issued**

- 2,700,000 Shares (on a post-Consolidation basis or 270,000,000 on a pre-Consolidation basis) to Trident Capital (and/or its nominees);
- 3,200,000 Shares (on a post-Consolidation basis or 320,000,000 on a pre-Consolidation basis) to Trident Management Services (and/or its nominees);
- 2,325,000 Shares (on a post-Consolidation basis or 232,500,000 on a pre-Consolidation basis) to Shenton James (and/or its nominees); and
- 2,700,000 Shares (on a post-Consolidation basis or 270,000,000 on a pre-Consolidation basis) to Davide Bosio (and/or its nominees).

(c) **Date by which the entity will issue the securities**

The Shares will be issued at completion of the General Meeting, which is anticipated to be on or about 1 July 2021. In any event, however, no Shares will be issued to the Related Companies later than one (1) month after the Meeting or such longer period as permitted by ASX.

(d) **Relationship that requires Shareholder approval**

Trident Capital and Trident Management Services are related parties of the Company under section 228 of the Corporations Act as a result of those entities being controlled by Mr Adam Sierakowski who is a Director of the Company. Shenton James is a related party of the Company under section 228 of the Corporations Act as a result of that entity being controlled by Mr Dougal Ferguson who is a Director of the Company. Davide Bosio is a related party of the Company under section 228 of the Corporations Act as he is a Director of the Company.

(e) **Issue price of the securities**

The issue price for the Shares is \$0.02 each (on a post-Consolidation basis).

The issue price for the Shares is \$0.002 each (on a pre-Consolidation basis).

(f) **Terms of the issue**

The Shares will rank equally in all respects with existing Shares on issue.

(g) **Intended use of the funds raised**

No funds were raised as the Shares are to be issued to pay for services rendered to the Company in lieu of cash.

Listing Rule 14.1A

Listing Rule 14.1A provides that a notice of meeting which contains a resolution seeking approval of security holders under the listing rules must summarise the relevant listing rule (see summary

of Listing Rule 10.11 above) and what will happen if security holders give, or do not give, that approval.

If Resolution 5 is approved by Shareholders, then the Shares to related parties will be excluded in calculating the Company's fifteen percent (15%) limit in Listing Rule 7.1 and the Company will retain the flexibility to issue equity securities in the future up to the fifteen percent (15%) placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

If Resolution 5 is not approved by Shareholders, the Shares to related parties will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the twelve (12) month period following the date of issue of the Shares to related parties.

Directors' recommendation

The Directors recommend that Shareholders vote in favour of Resolutions 5(a), (b), (c) and (d).

2.6 Resolution 6 – Approval of issue of Shares to pay interest on Line of Credit

Resolution 6 is an ordinary resolution which seeks to approve the issue of up to 5,378,630 Shares at an issue price of \$0.02 to Tyche Investments (and/or its nominees) to pay the accrued interest of approximately \$107,573 under the Line of Credit.

The issue of Shares under the Line of Credit requires approval for the purposes of Listing Rule 7.1 by way of an ordinary resolution, meaning that at least fifty percent (50%) of votes must be cast in favour of the Resolution in order for it to be passed.

Listing Rule 7.1

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over a twelve (12) month period to fifteen percent (15%) of the fully paid ordinary shares it had on issue at the start of that period.

The issue of up to 5,378,630 Shares at an issue price of \$0.02 each and exceeds the fifteen percent (15%) limit in Listing Rule 7.1. It therefore requires the approval of the Company's shareholders under Listing Rule 7.1.

For the purposes of Listing Rule 7.3, the following information is provided to Shareholders in relation to Resolution 6:

(a) Maximum number of securities the entity is to issue

Up to 5,378,630 Shares at an issue price of \$0.02 each (on a post-Consolidation basis).

Up to 53,786,300 Shares at an issue price of \$0.002 each (on a pre-Consolidation basis).

(b) Date by which the entity will issue the securities

The Shares will be issued at completion of the proposed transaction contemplated by this Notice, which is anticipated to be on or about 1 July 2021. In any event, however, no Shares will be issued later than three (3) months after the Meeting (or any such longer period permitted by ASX).

(c) Issue price of the securities

The issue price of the Shares is \$0.02 (on a post-consolidation basis).

The issue price of the Shares is \$0.002 (on a pre-consolidation basis).

- (d) **Names of the persons to whom the entity will issue the securities (if known) or basis upon which those persons will be identified or selected**

The Shares will be issued to Tyche Investments (and/or its nominees).

- (e) **Terms of the securities**

The Shares to be issued will rank equally in all respects with all existing Shares on issue.

- (f) **Intended use of the funds raised**

The funds which were raised via the use of the Line of Credit have been used for working capital of the Company.

Listing Rule 14.1A

Listing Rule 14.1A provides that a notice of meeting which contains a resolution seeking approval of security holders under the listing rules must summarise the relevant listing rule (see summary of Listing Rule 10.11 above) and what will happen if security holders give, or do not give, that approval.

If Resolution 6 is passed, the Company will be able to issue of up to 5,378,630 Shares at an issue price of \$0.02 each to Tyche Investments (and/or its nominees) in payment of interest on the Line of Credit. In addition, the issue of up to 5,378,630 Shares at an issue price of \$0.02 each 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.

If Resolution 6 is not passed, the Company will not be able to issue of up to 5,378,630 Shares at an issue price of \$0.02 each and the sum of \$107,573 will be payable in cash by the Company.

Directors' recommendation

The Directors unanimously recommend that Shareholders approve Resolution 6.

2.7 Resolution 7 – Approval of Issue of Underwriting Options to 708 Capital

Resolution 7 is an ordinary resolution and seeks Shareholder approval under Listing Rule 7.1, for the issue of up to 8,400,000 Underwriting Options exercisable at \$0.03 and an expiry of 3 years from their date of issue to 708 Capital (and/ or its nominees). The terms and conditions of the Underwriting Options are set out in Annexure A.

The Company and 708 Capital have agreed on the following:

- (a) 5,000,000 options to be issued pursuant to an underwriting agreement (as amended by a letter agreement) in relation to the Stage 1 Placement and Stage 1 Rights Issue ("**Stage 1 Underwriting Agreement**"); and
- (b) 37,000,000 options to be issued pursuant to an underwriting agreement in relation to the Stage 2 Placement and Stage 2 Rights Issue ("**Stage 2 Underwriting Agreement**"),

totalling, 42,000,000 options, of which only 8,400,000 Underwriting Options will be issued to 708 Capital (as contemplated by this Resolution). The Company is seeking Shareholder approval for the issue of 8,400,000 Underwriting Options to 708 Capital.

A summary of the terms and conditions of the Stage 1 Underwriting Agreement is set out in the Company's offer document dated 19 January 2021 with respect to the Stage 1 Rights Issue. The Company and 708 Capital subsequently agreed to vary the Stage 1 Underwriting Agreement such

that, 5,000,000 options at an exercise of \$0.03 with an expiry of 3 years from their date of issue will be issued to 708 Capital ("**Deed of Variation**").

A summary of the terms and conditions of the Stage 2 Underwriting Agreement is set out in Annexure C.

Listing Rule 7.1

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of shareholders is required for an issue of securities by a company if those securities, when aggregated with the securities issued by the company without approval and which were not subject to an exception during the previous twelve (12) months, exceed fifteen percent (15%) of the number of shares on issue at the commencement of that twelve (12) month period.

Listing Rule 7.1 provides that where a company approves an issue of securities, the company's fifteen percent (15%) capacity will be replenished and the company will be able to issue further securities up to that limit.

Resolution 7 seeks approval for the issue of 8,400,000 for the purpose of satisfying the requirements of Listing Rule 7.1. If Resolution 7 is approved, the Underwriting Options issued will not affect the capacity of the Company to issue securities in the next 12 months under Listing Rule 7.1 as those securities, once issued, will be excluded from the calculations under Listing Rule 7.1.

For the purposes of Listing Rule 7.3, the following information is provided to Shareholders in relation to Resolution 7:

(a) **Maximum number of securities the entity is to issue**

8,400,000 Underwriting Options (on a post-Consolidation basis).

84,000,000 Underwriting Options (on a pre-Consolidation basis).

(b) **Date by which the entity will issue the securities**

The Underwriting Options will be issued at completion of the proposed transaction contemplated by this Notice, which is anticipated to be on or about 1 July 2021. In any event, however, no Underwriting Options will be issued later than three (3) months after the Meeting (or any such longer period permitted by ASX).

(c) **Issue price of the securities**

The Underwriting Options will be issued for \$0.00001 per Underwriting Option (on a post-Consolidation basis or \$0.000001 on a pre-Consolidation basis), with an exercise price of \$0.03 per Underwriting Option (on a post-Consolidation basis or \$0.003 on a pre-Consolidation basis).

Therefore, the cash consideration that is payable for the Shares and the Underwriting Options totals a maximum of \$84.

(d) **Names of the persons to whom the entity will issue the securities (if known) or basis upon which those persons will be identified or selected**

708 Capital (and/or its nominees).

(e) **Terms of the securities**

The Underwriting Options will be each exercisable at \$0.03 and expiring 3 years from the date of issue, terms and conditions of which are set out in Annexure A.

A summary of the terms and conditions of the Stage 1 Underwriting Agreement is set out in the Company's offer document dated 19 January 2021 with respect to the Stage 1 Rights Issue and the Stage 2 Underwriting Agreement is set out in Annexure D.

(f) **Intended use of the funds raised**

Up to \$84 will be raised by the issue of the Underwriting Options which will be used for working capital purposes. The proceeds from any future exercise of the Underwriting Options are intended to be applied towards meeting working capital requirements of the Company relevant at, or about, the time of the exercise of the Underwriting Options at the discretion of the Board.

Listing Rule 14.1A

Listing Rule 14.1A provides that a notice of meeting which contains a resolution seeking approval of security holders under the listing rules must summarise the relevant listing rule (see summary of Listing Rule 10.11 above) and what will happen if security holders give, or do not give, that approval.

If Resolution 7 is approved by Shareholders, then the Underwriting Options to 708 Capital to will be excluded in calculating the Company's fifteen percent (15%) limit in Listing Rule 7.1 and the Company will retain the flexibility to issue equity securities in the future up to the fifteen percent (15%) placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

If Resolution 7 is not approved by Shareholders, the Underwriting Options to 708 Capital to will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the twelve (12) month period following the date of issue of the Underwriting Options to 708 Capital.

Directors' Recommendation

The Directors unanimously recommend that Shareholders approve Resolution 7.

2.8 Resolution 8 – Approval of Issue of Stage 2 Options to sub-underwriters of the Stage 2 Placement and Stage 2 Rights Issue

Resolution 8 is an ordinary resolution and seeks Shareholder approval under Listing Rule 7.1, for the issue of up to 33,600,000 Stage 2 Options exercisable at \$0.03 and an expiry of 3 years from their date of issue to sub-underwriters of the Stage 2 Placement and Stage 2 Rights Issue (and/or its nominees). The terms and conditions of the Stage 2 Options are set out in Annexure A.

The Company and 708 Capital negotiated the maximum number of options to be issued pursuant to the Stage 1 Underwriting Agreement and the Stage 2 Underwriting Agreement to be 42,000,000 options, with a maximum of 8,400,000 options to be issued to 708 Capital (and/or its nominees) as Underwriter (being those Underwriting Options the subject of Resolution 7). The 42,000,000 options agreed was based on the maximum amount being underwritten of approximately \$5.075 million for the Capital Raisings.

708 Capital have indicated to the Company that, subject to Shareholders approving Resolution 3, it will underwrite the Stage 2 Placement in addition to the Stage 2 Rights Issue and that it intends to sub-underwrite a significant portion of the Stage 2 Placement and/or Stage 2 Rights Issue to third parties, none of which are related parties of the Company. There will be no additional fees payable by the Company to any of the sub-underwriters other than the issue of the Stage 2 Options.

The Company has therefore agreed that it will endeavour to seek Shareholder approval to issue a maximum of 33,600,000 on the assumption that Shareholders approve the Stage 2 Placement

the subject of Resolution 3. Given there is no guarantee that Shareholders will approve Resolution 3, 708 Capital has indicated to the Company that it has not been possible to enter into formal sub-underwriting agreements at this stage.

If Shareholders do not approve Resolution 3, the Company will not issue any Stage 2 Options and will only issue the Underwriting Options to 708 Capital in consideration for the underwriting of the Stage 1 Placement and Stage 1 Rights Issue (which is already completed) and the Stage 2 Rights Issue (if completed).

The Company intends to enter into a formal sub-underwriting agreement prior to the issue of the Stage 2 Options. In the absence of a formal sub-underwriting agreement being entered into, the Company will not issue the Stage 2 Options.

The sub-underwriters will be clients of 708 Capital and will be determined by 708 Capital.

Listing Rule 7.1

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of shareholders is required for an issue of securities by a company if those securities, when aggregated with the securities issued by the company without approval and which were not subject to an exception during the previous twelve (12) months, exceed fifteen percent (15%) of the number of shares on issue at the commencement of that twelve (12) month period.

Listing Rule 7.1 provides that where a company approves an issue of securities, the company's fifteen percent (15%) capacity will be replenished and the company will be able to issue further securities up to that limit.

Resolution 8 seeks approval for the issue of 33,600,000 for the purpose of satisfying the requirements of Listing Rule 7.1. If Resolution 8 is approved, the Stage 2 Options issued will not affect the capacity of the Company to issue securities in the next 12 months under Listing Rule 7.1 as those securities, once issued, will be excluded from the calculations under Listing Rule 7.1.

For the purposes of Listing Rule 7.3, the following information is provided to Shareholders in relation to Resolution 8:

(g) **Maximum number of securities the entity is to issue**

33,600,000 Stage 2 Options (on a post-Consolidation basis).

336,000,000 Stage 2 Options (on a pre-Consolidation basis).

(h) **Date by which the entity will issue the securities**

The Stage 2 Options will be issued at completion of the proposed transaction contemplated by this Notice, which is anticipated to be on or about 1 July 2021. In any event, however, no Stage 2 Options will be issued later than three (3) months after the Meeting (or any such longer period permitted by ASX).

(i) **Issue price of the securities**

The Stage 2 Options will be issued for nil cash consideration.

(j) **Names of the persons to whom the entity will issue the securities (if known) or basis upon which those persons will be identified or selected**

Sub-underwriters to the Stage 2 Placement and Stage 2 Rights Issue.

(k) **Terms of the securities**

The Stage 2 Options will be each exercisable at \$0.03 and expiring 3 years from the date of issue, terms and conditions of which are set out in Annexure A.

(l) **Intended use of the funds raised**

No funds will be raised by the issue of the Stage 2 Options. The proceeds from any future exercise of the Stage 2 Options are intended to be applied towards meeting working capital requirements of the Company relevant at, or about, the time of the exercise of the Stage 2 Options at the discretion of the Board.

Listing Rule 14.1A

Listing Rule 14.1A provides that a notice of meeting which contains a resolution seeking approval of security holders under the listing rules must summarise the relevant listing rule (see summary of Listing Rule 10.11 above) and what will happen if security holders give, or do not give, that approval.

If Resolution 8 is approved by Shareholders, then the Stage 2 Options to underwriters will be excluded in calculating the Company's fifteen percent (15%) limit in Listing Rule 7.1 and the Company will retain the flexibility to issue equity securities in the future up to the fifteen percent (15%) placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

If Resolution 8 is not approved by Shareholders, the Stage 2 Options to underwriters will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the twelve (12) month period following the date of issue of the Stage 2 Options to underwriters.

Directors' Recommendation

The Directors unanimously recommend that Shareholders approve Resolution 8.

2.9 Resolutions 9(a), (b) and (c) – Approval of Issue of Options to Directors

Resolution 9(a), (b) and (c) seeks Shareholder approval, pursuant to ASX Listing Rule 10.11, for:

- (a) 5,000,000 Director Options to Dougal Ferguson (and/or his nominees);
- (b) 2,000,000 Director Options to Davide Bosio (and/or his nominees); and
- (c) 2,000,000 Director Options to Adam Sierakowski (and/or his nominees)

each exercisable at \$0.03 each, on or before 3 years from the date of issue.

The terms and conditions of the Director Options are set out in Annexure B.

Chapter 2E Corporations Act and Listing Rule 10.11

For a public company to give a financial benefit to a related party of the public company, the public company must obtain the approval of the public company's members in the manner set out in

sections 217 to 227 of the Corporations Act and give the benefit within 15 months following such approval.

The issue of the Director Options to Mr Ferguson, Mr Bosio and Mr Sierakowski constitutes giving a financial benefit. Directors are related parties of the Company, for the purposes of Listing Rule 10.11 by virtue of being Directors.

Resolution 9 seeks the required Shareholder approval to the Issue under and for the purposes of Listing Rule 10.11.

Approval under Listing Rule 7.1 is not required as Shareholder approval is sought under Listing Rule 10.11. Accordingly, the issue of the Shares will not be included under the Company's 15% annual placement capacity pursuant to Listing Rule 7.1.

The Board has considered the application of Chapter 2E of the Corporations Act and has resolved that the reasonable remuneration exception provided by Section 211 of the Corporations Act is relevant in the circumstances and accordingly, the Company will not seek approval for the issue of the Director Options to the Directors pursuant to Section 208 of the Corporations Act.

ASX Listing Rule and Corporations Act Disclosures

The following information is provided in accordance with ASX Listing Rule 10.13, specifically 10.13.2, 10.13.5 and 10.13.8.

(a) Name of the person and category of person for purposes of Listing Rule 10.11

- (i) Dougal Ferguson (and/or his nominees) (director of the Company);
- (ii) Davide Bosio (and/or his nominees) (director of the Company); and
- (iii) Adam Sierakowski (and/or his nominees) (director of the Company).

(b) Maximum number of securities to be issued

- (i) 5,000,000 Director Options (on a post-Consolidation basis or 50,000,000 on a pre-Consolidation basis) to Dougal Ferguson (and/or his nominees);
- (ii) 2,000,000 Director Options (on a post-Consolidation basis or 20,000,000 on a pre-Consolidation basis) to Davide Bosio (and/or his nominees); and
- (iii) 2,000,000 Director Options (on a post-Consolidation basis or 20,000,000 on a pre-Consolidation basis) to Adam Sierakowski (and/or his nominees).

(c) Date by which the entity will issue the securities

The Director Options will be issued at completion of the General Meeting, which is anticipated to be on or about 1 July 2021. In any event, however, no Director Options will be issued to Adam Sierakowski, Dougal Ferguson or Davide Bosio later than one (1) month after the Meeting or such longer period as permitted by ASX.

(d) Relationship that requires Shareholder approval

Adam Sierakowski, Dougal Ferguson and Davide Bosio are related parties of the Company under section 228 of the Corporations Act as they are Directors of the Company.

(e) Issue price of the securities

The Director Options will be offered at a deemed exercise price of \$0.03 (on a post-Consolidation basis).

The Director Options will be offered at a deemed exercise price of \$0.003 (on a pre-Consolidation basis).

(f) **Terms of the issue**

The Director Options will rank equally in all respects with existing Shares on issue.

(g) **Intended use of the funds raised**

No funds were raised as the Director Options are to be issued to pay for future services rendered to the Company in lieu of cash.

(h) **ASX Listing Rule 10.13.8**

ASX Listing Rule 10.13.8 states that if the person is a director of the Company and therefore a related party under ASX Listing Rule 10.11.1 and the issue of Shares is intended to remunerate or incentivise the director, details (including the amount) of the director's current total remuneration package is to be outlined. The Directors are annually remunerated as follows:

- (i) Dougal Ferguson - \$120,000;
- (ii) Davide Bosio - \$36,000; and
- (iii) Adam Sierakowski - \$36,000.

2.10 Reasons for Issue of Securities to Directors

No funds will be raised by the issue of the Director Options as they are being issued in consideration of services provided by the Director as Director of the Company. The proceeds from any future exercise of the Director Options are intended to be applied towards meeting working capital requirements of the Company relevant at, or about, the time of the exercise of the Director Options at the discretion of the Board.

The Director Options to be issued to the Directors are not being issued under an agreement.

2.11 Effect of Issue of Securities on Interests of Directors

	Dougal Ferguson	Davide Bosio	Adam Sierakowski
Current Shares ³	8,000,000	1,300,000	11,290,320
Current Options	Nil	Nil	Nil
Convertible Notes	1 ²	2 ¹	Nil
Resolution 8 Options	5,000,000	2,000,000	2,000,000

Notes:

1. Convertible with a total face value of \$130,000, which will be repaid upon successfully completing the Stage 2 Placement.
2. Convertible with a total face value of \$30,000, which will be repaid upon successfully completing the Stage 2 Placement.
3. Current Shares do not take into account any Shares that may be subscribed for pursuant to the Stage 2 Rights Issue.

2.12 Resolutions 10(a) and (b) - Right for Related Companies to participate in Stage 2 Placement

Resolutions 10(a) and (b) is an ordinary resolution which seeks to approve the issue of up to 8,000,000 Shares at an issue price of \$0.02 each to:

- (a) DJ Carmichael (which is controlled by Davide Bosio who is a Director of the Company which makes him a related party pursuant to section 228 of the Corporations Act) to repay up to \$130,000; and
- (b) Shenton James (which is controlled by Dougal Ferguson who is a Director of the Company to repay up to \$30,000),

totalling \$160,000 to the Related Companies.

The issue of Shares to a related party requires approval for the purposes of section 208 of the Corporations Act and Listing Rule 10.11 by way of an ordinary resolution, meaning that at least fifty percent (50%) of votes must be cast in favour of the Resolution in order for it to be passed.

DJ Carmichael is a related party of the Company under section 228 of the Corporations Act as a result of that entity being controlled by Mr Davide Bosio who is a Director of the Company.

Shenton James is a related party of the Company under section 228 of the Corporations Act as a result of that entity being controlled by Mr Dougal Ferguson who is a Director of the Company.

If Resolutions 6(a) to (b) is not approved, the Company will not be able to proceed with the issue of the 8,000,000 Shares to the Related Companies at \$0.02 per Share and the funds raised of up to \$160,000 raised through the issue of these Shares will not be received by the Company.

Section 208 of the Corporations Act

Section 208(1)(a) of the Corporations Act prohibits a company from giving a financial benefit (including an issue of securities) to a related party of the company without the approval of shareholders by a resolution passed at a general meeting at which no votes are cast in relation to the resolution in respect of any shares held by the related party or by an Associate of the related party.

As noted above, the Related Companies are related parties of the Company under section 228 of the Corporations Act. However, the Company considers that the proposed issues of Shares under Resolutions 10(a) to (b) fall within the 'arm's length' exception in section 210 of the Corporations Act and, therefore, Shareholder approval is not required.

Listing Rule 10.11

Listing Rule 10.11 provides that a company must not issue equity securities to a related party without the approval of holders of ordinary securities. Further, exception 14 of Listing Rule 7.2 states that approval pursuant to Listing Rule 7.1 is not required if shareholder approval is obtained under Listing Rule 10.11.

As set out above, the Related Companies are a related party of the Company for the purposes of section 228 of the Corporations Act. Accordingly, Shareholder approval is sought under Listing Rule 10.11 to permit the issue of Shares to the Related Companies pursuant to the Stage 2 Placement.

Resolutions 10(a) to (b) seek approval for the issue of up to 8,000,000 Shares to the Related Companies for the purpose of satisfying the requirements of Listing Rule 10.11. If Resolutions 10(a) to (b) are approved, the Shares issued will not affect the capacity of the Company to issue securities in the next twelve (12) months under Listing Rule 7.1 as those securities, once issued, will be excluded from the calculations under Listing Rule 7.1.

For the purposes of Listing Rule 10.13, the following information is provided to Shareholders in relation to Resolutions 6(a) to (b):

(a) **Names of the persons and category of person for purposes of Listing Rule 10.11**

DJ Carmichael (an associate of a related party) and Shenton James (associate of a related party) (and/or their nominees).

(b) **Maximum number of securities to be issued**

The maximum number of securities that may be issued pursuant to Resolutions 10(a) to (b) is as follows:

Recipient	Shares
DJ Carmichael	6,500,000 (on a post-Consolidation basis or 65,000,000 on a pre-Consolidation basis)
Shenton James	1,500,000 (on a post-Consolidation basis or 15,000,000 on a pre-Consolidation basis)
Total	8,000,000 (on a post-Consolidation basis or 80,000,000 on a pre-Consolidation basis)

(c) **Date by which the entity will issue under the securities**

Any Shares to be issued to the Related Companies pursuant to the Stage 2 Placement will be issued at the same time as Shares are issued to the Stage 2 Applicants, which is anticipated to be on or about 1 July 2021. In any event, however, no Shares will be issued to the Related Companies (and/or their nominees) later than one (1) month after the Meeting or such longer period as permitted by ASX.

(d) **Relationship that requires Shareholder approval**

The Related Companies are related parties of the Company under section 228 of the Corporations Act by virtue of being controlled by Directors.

(e) **Issue price of the securities**

The deemed issue price of the Shares is \$0.02 (on a post-consolidation basis).

The deemed issue price of the Shares is \$0.002 (on a pre-consolidation basis).

(f) **Terms of the issue**

The Shares to be issued will rank equally in all respects with all existing Shares on issue (on a post-Consolidation basis).

(g) **Intended use of the funds raised**

Funds raised under the Stage 2 Placement will be used for the purposes set out in section 1.5 (proposed use of funds) of this Notice.

Listing Rule 14.1A

Listing Rule 14.1A provides that a notice of meeting which contains a resolution seeking approval of security holders under the listing rules must summarise the relevant listing rule (see summary

of Listing Rule 10.11 above) and what will happen if security holders give, or do not give, that approval.

If Resolutions 10(a) and (b) are approved by Shareholders, then the Shares to the Related Companies will be excluded in calculating the Company's fifteen percent (15%) limit in Listing Rule 7.1 and the Company will retain the flexibility to issue equity securities in the future up to the fifteen percent (15%) placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

If Resolutions 10(a) and (b) is not approved by Shareholders, the Shares to the Related Companies will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the twelve (12) month period following the date of issue of the Shares to Related Companies.

Directors' Recommendation

Other than to the extent that a Director has a material personal interest in the outcome of the Resolution as the proposed recipient of Shares, the Directors unanimously recommend that Shareholders approve Resolutions 10(a) to (c).

DEFINITIONS

In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

- (a) **"708 Capital"** means 708 Capital Pty Ltd (ACN 142 319 202);
- (b) **"A.C.N. 627 852 797"** means A.C.N. 627 852 797 Pty Ltd (ACN 627 852 797);
- (c) **"ASIC"** means the Australian Securities and Investments Commission;
- (d) **"ASX Listing Rules"** means the official listing rules of the ASX;
- (e) **"ASX"** means ASX Limited (ACN 008 624 691) trading as the Australian Securities Exchange;
- (f) **"AWST"** means Australian Western Standard Time;
- (g) **"Board"** means the board of Directors;
- (h) **"Chair"** means the chair of the Meeting;
- (i) **"Consolidation"** means the consolidation of the Existing Shares on the basis of 1:10, as proposed under Resolution 1 and detailed in section 3;
- (j) **"Convertible Loan Agreements"** means the convertible loan agreements entered into in between the Company and Convertible Noteholders in conjunction with the Convertible Loan Facilitation Agreement;
- (k) **"Convertible Loan Facilitation Agreement"** means the Convertible Note entered into between the Company and Gorilla Pit on or about 21 June 2017;
- (l) **"Convertible Note"** means a convertible note issued by the Company;
- (m) **"Convertible Noteholder"** means a holder of a Convertible Note issued by the Company;
- (n) **"Corporations Act"** means the *Corporations Act 2001* (Cth);
- (o) **"COVID-19"** means the coronavirus known as COVID-19;
- (p) **"Debt Restructuring"** means the restructuring of the Company's balance sheet and liabilities as contemplated under this Notice;
- (q) **"Debt Restructuring Shares"** means all of the Shares issued pursuant to Resolutions 4 to 8 as contemplated under this Notice;
- (r) **"Director"** means a director of the Company;
- (s) **"DJ Carmichael"** means DJ Carmichael Pty Limited (ACN 003 058 857);
- (t) **"Existing Shares"** means the existing Shares of the Company on issue at the date of this Notice (including Shares issued under the Stage 1 Placement and Stage 1 Rights Issue);
- (u) **"Explanatory Statement"** means this Explanatory Statement accompanying the Notice of Meeting;
- (v) **"General Meeting"** or **"Meeting"** means the general meeting of Shareholders to be held at Shaw and Partners, Level 20, 108 St Georges Terrace, Perth WA 6000 on 30 June 2021 commencing at 10:00am (AWST);
- (w) **"Gorilla Pit"** means The Gorilla Pit Pty Ltd (ACN 156 131 690);

- (x) **"Line of Credit"** means the line of credit facility with Tyche Investments on or about 12 July 2019 whereby Tyche Investments provided a line of credit of up to \$500,000 to enable the Company to fund manufacturing of its products;
- (y) **"Notice"** or **"Notice of Meeting"** means the notice convening the General Meeting accompanying this Explanatory Statement;
- (z) **"Option"** means an option to acquire a Share;
- (aa) **"Placement Applicants"** means the sophisticated and institutional investors that were or will be invited by the Company to participate in the Placement;
- (bb) **"Placement(s)"** means the Stage 1 Placement and Stage 2 Placement collectively;
- (cc) **"Placement Share"** means a share issued under the Placement(s);
- (dd) **"Proxy Form"** means the proxy form attached to this Notice;
- (ee) **"Related Companies"** means related companies of the Company, being Shenton James (and/or its nominees) and DJ Carmichael (and/or its nominees);
- (ff) **"Resolution"** means a resolution contained this Notice;
- (gg) **"Rights Issue(s)"** means the Stage 1 Rights Issue and Stage 2 Rights Issue collectively;
- (hh) **"Share"** means a fully paid ordinary share in the capital of the Company;
- (ii) **"Shenton James"** means Shenton James Pty Ltd (ACN 128 081 354)
- (jj) **"Shareholder"** means a holder of a Share;
- (kk) **"Stage 1 Placement"** means the Company's issue of 37,191,604 Shares (pre-Consolidation basis) under a placement to the Stage 1 Placement Applicants at an issue price of \$0.002 to raise approximately \$75,000 (before costs);
- (ll) **"Stage 1 Rights Issue"** means the Company's non-renounceable, pro-rata offer of 247,944,029 Shares (pre-Consolidation basis) at an issue price of \$0.002 each on the basis of one (1) new Share for every (1) Share held by eligible shareholders (as that term was defined in the offer document) at the record date, being 22 January 2021, to raise up to approximately \$495,888 (before costs);
- (mm) **"Stage 2 Placement"** means the Company's issue of 175,000,000 Shares (post-Consolidation basis) under a placement to the Stage 2 Placement Applicants at an issue price of \$0.02 each to raise approximately \$3,500,000 (before costs);
- (nn) **"Stage 2 Applicants"** means the Placement Applicants participating in the Stage 2 Placement and / or the Stage 2 Rights Issue;
- (oo) **"Stage 2 Rights Issue"** means the Company's non-renounceable, pro-rata offer of 53,307,966 (post-Consolidation basis) at an issue price of \$0.02 each on the basis of one (1) new Share for every (1) Share held by eligible shareholders at a record date, to be determined, to raise up to approximately \$1,066,159 (before costs);
- (pp) **"Transaction Resolutions"** means Resolutions 4 to 6
- (qq) **"Trident Capital"** means Trident Capital Pty Ltd (ACN 100 561 733);
- (rr) **"Trident Management Services"** means Trident Management Services Pty Ltd (ACN 118 886 230); and

(ss) **“Tyche Investments”** means Tyche Investments Pty Ltd (ACN 103 938 165).

Annexure A – Terms and Conditions of the Underwriting Options, Stage 2 Options & ACN Options

(a) **Entitlement**

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

(b) **Expiry Date**

Each Option will expire at 5.00pm (WST) on 1 July 2024. (**Expiry Date**).

(c) **Exercise Price**

Each Option will have an exercise price equal to \$0.03 (**Exercise Price**).

(d) **Exercise Notice and payment**

Options may be exercised by notice in writing to the Company (**Exercise Notice**) together with payment of the Exercise Price for each Option being exercised. Any Exercise Notice for an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt. Payment in connection with the exercise of Options must be in Australian currency, and made payable to the Company in cleared funds.

(e) **Shares issued on exercise**

Shares issued on exercise of Options will rank equally in all respects with then existing fully paid ordinary shares in the Company.

(f) **Quotation of Shares**

Provided that the Company is quoted on ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(g) **Timing of issue of Shares**

Subject to clause (h) (Shareholder and regulatory approvals), within 5 business days after the later of the following:

- (i) receipt of an Exercise Notice given in accordance with these terms and conditions and payment of the Exercise Price in cleared funds for each Option being exercised by the Company if the Company is not in possession of excluded information (as defined in section 708A(7) of the Corporations Act); and
- (ii) the date that the Company ceases to be in possession of excluded information with respect to the Company (if any) following the receipt of the Exercise Notice and payment of the Exercise Price in cleared funds for each Option being exercised by the Company,

the Company will allot and issue the Shares pursuant to the exercise of the Options and, to the extent that it is legally able to do so:

- (iii) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (iv) apply for official quotation on the ASX of the Shares issued pursuant to the exercise of the Options.

If the Company is unable to lodge a notice that complies with section 708A(5)(e) of the Corporations Act then the Company may, in its absolute discretion, issue the Shares after the lodgement of a disclosure document issued by the Company complying with Part 6D.2 of the Corporations Act in respect of an offer of Shares (**Cleansing Prospectus**) or, if agreed by the

holder, issue the Shares after the holder signs an undertaking not to deal in the Shares until the earlier of: (a) the Company issuing a Cleansing Prospectus; and (b) 12 months from issue, and agrees to a holding lock being placed on the Shares for this period.

(h) **Shareholder and regulatory approvals**

Despite any other provision of these terms and conditions, exercise of Options into Shares will be subject to the Company obtaining all required (if any) Shareholder and regulatory approvals for the purpose of issuing the Shares to the holder. If exercise of the Options would result in any person being in contravention of section 606(1) of the Corporations Act then the exercise of each Option that would cause the contravention will be deferred until such time or times that the exercise would not result in a contravention of section 606(1) of the Corporations Act. Holders must give notification to the Company in writing if they consider that the exercise of the Options may result in the contravention of section 606(1) of the Corporations Act, failing which the Company will be entitled to assume that the exercise of the Options will not result in any person being in contravention of section 606(1) of the Corporations Act.

(i) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least four business days after the issue is announced. This is intended to give the holders of Options the opportunity to exercise their Options prior to the announced record date for determining entitlements to participate in any such issue.

(j) **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 holder would have received if the holder had exercised the Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(k) **Adjustment for rights issue**

If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment to the Exercise Price.

(l) **Adjustments for reorganisation**

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

(m) **Quotation**

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

(n) **Transferability**

Options can only be transferred with the prior written consent of the Company, which consent may be withheld in the Company's sole discretion.

Annexure B – Terms and Conditions of the Director Options

(a) **Entitlement**

Each Director Option entitles the holder to subscribe for one Share upon exercise of the Director Option.

(b) **Expiry Date**

Subject to clause (q), each Director Option will expire at 5.00pm (WST) on 1 July 2024 (**Expiry Date**).

(c) **Exercise Price**

Each Director Option will have an exercise price equal to \$0.03 (**Exercise Price**).

(d) **Vesting, exercise period and lapsing**

Each Director Option will only vest and become exercisable if the Director has completed 12 months service with the Company from the date of issue of the Director Options.

Subject to the foregoing and clauses (i) and (q), Director Options may be exercised at any time after the date of issue and prior to the Expiry Date. After this time, any unexercised Director Options will automatically lapse.

(e) **Exercise Notice and payment**

Director Options may be exercised by notice in writing to the Company (**Exercise Notice**) together with payment of the Exercise Price for each Director Option being exercised. Any Exercise Notice for a Director Option received by the Company will be deemed to be a notice of the exercise of that Director Option as at the date of receipt. Payment in connection with the exercise of Director Options must be in Australian currency, and made payable to the Company in cleared funds.

(f) **Shares issued on exercise**

Shares issued on exercise of Director Options will rank equally in all respects with then existing fully paid ordinary shares in the Company.

(g) **Quotation of Shares**

Provided that the Company is quoted on ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Director Options.

(h) **Timing of issue of Shares**

Subject to clause (i) (Shareholder and regulatory approvals), within 5 business days after the later of the following:

- (v) receipt of an Exercise Notice given in accordance with these terms and conditions and payment of the Exercise Price in cleared funds for each Director Option being exercised by the Company if the Company is not in possession of excluded information (as defined in section 708A(7) of the Corporations Act); and
- (vi) the date that the Company ceases to be in possession of excluded information with respect to the Company (if any) following the receipt of the Exercise Notice and payment of the Exercise Price in cleared funds for each Director Option being exercised by the Company,

the Company will allot and issue the Shares pursuant to the exercise of the Director Options and, to the extent that it is legally able to do so:

- (vii) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (viii) apply for official quotation on the ASX of the Shares issued pursuant to the exercise of the Director Options.

If the Company is unable to lodge a notice that complies with section 708A(5)(e) of the Corporations Act then the Company may, in its absolute discretion, issue the Shares after the lodgement of a disclosure document issued by the Company complying with Part 6D.2 of the Corporations Act in respect of an offer of Shares (**Cleansing Prospectus**) or, if agreed by the holder, issue the Shares after the holder signs an undertaking not to deal in the Shares until the earlier of: (a) the Company issuing a Cleansing Prospectus; and (b) 12 months from issue, and agrees to a holding lock being placed on the Shares for this period.

(i) **Shareholder and regulatory approvals**

Despite any other provision of these terms and conditions, exercise of Director Options into Shares will be subject to the Company obtaining all required (if any) Shareholder and regulatory approvals for the purpose of issuing the Shares to the holder. If exercise of the Director Options would result in any person being in contravention of section 606(1) of the Corporations Act then the exercise of each Director Option that would cause the contravention will be deferred until such time or times that the exercise would not result in a contravention of section 606(1) of the Corporations Act. Holders must give notification to the Company in writing if they consider that the exercise of the Director Options may result in the contravention of section 606(1) of the Corporations Act, failing which the Company will be entitled to assume that the exercise of the Director Options will not result in any person being in contravention of section 606(1) of the Corporations Act.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Director Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Director Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least four business days after the issue is announced. This is intended to give the holders of Director Options the opportunity to exercise their Director Options prior to the announced record date for determining entitlements to participate in any such issue.

(k) **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):

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

(l) **Adjustment for rights issue**

If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment to the Exercise Price.

(m) **Adjustments for reorganisation**

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

(n) **Change of control or takeover**

A change of control event (**Change of Control Event**) occurs where:

- (i) an offer is made for Shares pursuant to a takeover bid under Chapter 6 of the Corporations Act and is, or is declared, unconditional; or
- (ii) the Court sanctions under Part 5.1 of the Corporations Act a compromise or arrangement relating to the Company or a compromise or arrangement proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies.

If a Change of Control Event occurs, the Board may in its sole and absolute discretion, and subject to the Listing Rules, determine how unvested Director Options will be treated, including but not limited to determining that unvested Director Options (or a portion of unvested Director Options) will become immediately convertible into Shares with such conversion deemed to have taken place immediately prior to the effective date of the Change of Control Event.

Whether or not the Board determines to accelerate the conversion of any Director Options, the Company shall give written notice of any proposed Change of Control Event to each holder of Director Options.

(o) **Quotation**

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

(p) **Transferability**

Director Options can only be transferred with the prior written consent of the Company, which consent may be withheld in the Company's sole discretion.

(q) **Good and bad leavers**

Subject to the other terms of the Director Options, and unless the Board decides otherwise, if an event in the table below occurs in respect of a holder, the holder's Director Options are treated in accordance with the following table:

Event	Director Options are unvested at the termination date	Director Options have vested at the termination date
Holder's employment or consultancy arrangement (as applicable) is lawfully terminated and the holder is a Good Leaver	<p>The Expiry Date is adjusted to the later of:</p> <ul style="list-style-type: none"> i. 365 days after the termination date; or ii. 30 days after the end of any ASX escrow period on the sale of the Shares if the Director Options were to be vested and exercised; or iii. a later date decided by the Board. 	<p>The Expiry Date is adjusted to the later of:</p> <ul style="list-style-type: none"> i. 90 days after the termination date; or ii. 30 days after the end of any ASX escrow period on the sale of the Shares if the Director Options were exercised; or iii. a later date decided by the Board.
Holder's employment or consultancy arrangement (as applicable) is lawfully terminated and the holder is a Bad Leaver	Director Options lapse	Director Options lapse

In this clause (q), a **Good Leaver** means a holder who ceases employment or engagement with the Company and who is not a Bad Leaver, and includes where a holder's employment or engagement ceases due to death, removal as director via a shareholder requisition at a validly convened company meeting, permanent incapacity, redundancy, resignation, retirement or any other reason the Board determines in its sole and absolute discretion.

In this clause (q), a **Bad Leaver** means a holder whose employment or engagement with the Company ceases in any of the following circumstances:

- (i) the holder's employment or engagement is terminated, or the holder is dismissed from office, due to:
 - a. serious and wilful misconduct;
 - b. material breach of the terms of any contract of employment, engagement or office entered into by the Company and the holder;
 - c. gross negligence; or
 - d. other conduct justifying termination of employment, engagement or office without notice either under the holder's contract of employment or engagement or office, or at common law;
- (ii) the holder ceases his or her employment or engagement or office for any reason and commences employment, engagement or office, or otherwise acts, in breach of any post-termination restrictions contained in his or her contract of employment, engagement or office entered into by the Company and the holder; or
- (iii) the holder is ineligible to hold his or her office for the purposes of Part 2D.6 of the Corporations Act.

Annexure C – Terms and Conditions of the Stage 2 Underwriting Agreement

Pursuant to an agreement between the Underwriter and the Company, the Underwriter has agreed to fully underwrite the Stage 2 Rights Issue and Stage 2 Placement (**Underwriting Agreement**), under which the Company has agreed to pay the Underwriter an underwriting fee of 6% of the total funds raised under the Stage 2 Rights Issue and 6% of the funds raised under the Stage 2 Placement. The Company will also pay the Underwriter its reasonable costs and expenses incidental to the Stage 2 Rights Issue and Stage 2 Stage 2 Placement.

Subject to receiving Shareholder approval, the Company has agreed to issue 37,000,000 options at an exercise price of \$0.03 each and an expiry of 3 years from their date of issue. Of the 37,000,000 options, only 3,400,000 Underwriting Options will be issued to the Underwriter, with the remaining to be issued to nominees of the Underwriter.

The obligations of the Underwriter to underwrite the Stage 2 Rights Issue and Stage 2 Placement are subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if any one of the following events occur:

- **(Market fall)** the S&P or ASX 200 Index closes on any two (2) consecutive trading days by 10% or more below its respective level as at the close of business on the business day prior to the execution date;
- **(New circumstance)** an obligation arises on the Company to give ASX a notice in accordance with section 708AA(12) of the Corporations Act or a new circumstance arises or becomes known which, if known at the time of issue of the Stage 2 Rights Issue cleansing statement have been required to be included in the Stage 2 Rights Issue cleansing statement;
- **(Unable to issue)** the Company is prevented from granting the Entitlements or issuing Stage 2 Rights Issue Securities in accordance with Listing Rules, any applicable laws, a Government Agency or an order of a court of competent jurisdiction;
- **(Withdrawal of Stage 2 Rights Issue)** the Company withdraws or indicates that it does not intend to proceed with the Stage 2 Rights Issue or any part of the Stage 2 Rights Issue or withdraws a document forming part of the Stage 2 Rights Issue;
- **(Hostilities)**: there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more of Australia, Canada, New Zealand, the United States of America, Hong Kong or the United Kingdom;
- **(Prosecution)**: any of the following occurs:
 - a director, chief executive officer or chief financial officer of the Company is charged with an indictable offence;
 - any Government Agency commences any public proceedings against the Company or any director in their capacity as a director of the Company, or announces that it intends to take such action; or
 - any director of the Company is disqualified from managing a corporation under Part 2D.6 of the Corporations Act or any other relevant law;
- **(Other Termination Events)** the Underwriting Agreement contains other termination events that are considered standard for an agreement of this type, including (but not limited to):
 - default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking which is incapable of remedy or is not remedied by the required date;

- the Company alters its capital structure in any manner not contemplated by the Stage 2 Rights Issue Document; and
- any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Stage 2 Rights Issue or the affairs of any Relevant Company is or becomes misleading or deceptive in a material respect or likely to mislead or deceive in a material respect.

Connected IO Limited
(ACN 009 076 233)
PROXY FORM

I/We

of

being a member of Connected IO Limited (ACN 009 076 233) entitled to attend and vote at the General Meeting, hereby

Appoint

Name of Proxy

OR

Chairman of the General Meeting as your proxy

or failing the person so named or, if no person is named, the Chairman of the General Meeting, or the Chairman's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the General Meeting to be held at Shaw and Partners, Level 20, 108 St Georges Terrace, Perth WA 6000 on 30 June 2021 at 10:00am (AWST), and at any adjournment thereof.

The Chair intends to vote all available proxies in favour of all Resolutions. If you have appointed the Chair as your proxy (or the Chair becomes your proxy by default), and you wish to give the Chair specific voting directions on a Resolution, you should mark the appropriate box(es) opposite those Resolutions in the panel below (directing the Chair to vote for, against or to abstain from voting).

OR

Voting on Business of the General Meeting		FOR	AGAINST	ABSTAIN
Resolution 1	Consolidation of Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Ratification of issue of Stage 1 Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval for issue of Shares under the Stage 2 Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval for issue of Shares and ACN Options to A.C.N. 627 852 797	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5(a)	Issue of Shares to Trident Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5(b)	Issue of Shares to Trident Management Services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5(c)	Issue of Shares to Shenton James	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5(d)	Issue of Shares to Davide Bosio	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of issue of Shares to pay interest in Line of Credit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval of issue of Underwriting Options to 708 Capital Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Issue of Stage 2 Options to sub-underwriters	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9(a)	Issue of Options to Dougal Ferguson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9(b)	Issue of Options to Davide Bosio	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9(c)	Issue of Options to Adam Sierakowski	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10(a)	Right for DJ Carmichael Pty Limited to participate in the Stage 2 Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10(b)	Right for Shenton James to participate in the Stage 2 Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

If two proxies are being appointed, the proportion of voting rights this proxy represents is _____%.

Signature of Member(s):
Individual or Member 1

Sole Director/Company Secretary

Member 2

Director

Date: _____
Member 3

Director/Company Secretary

Contact Name: _____ **Contact Ph (daytime):** _____

INSTRUCTIONS FOR PROXY FORM

1. Your name and address

Please print your name and address as it appears on your holding statement and the Company's share register. If Shares are jointly held, please ensure the name and address of each joint Shareholder is indicated. Shareholders should advise the Company of any changes. Shareholders sponsored by a broker should advise their broker of any changes. Please note you cannot change ownership of your securities using this form.

2. Appointment of a proxy

You are entitled to appoint no more than two proxies to attend and vote on a poll on your behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of your voting rights. If you appoint two proxies and the appointment does not specify this proportion, each proxy may exercise half of your votes.

If you wish to appoint the Chairman of the General Meeting as your proxy, please mark the box. If you leave this section blank or your named proxy does not attend the General Meeting, the Chairman will be your proxy. A proxy need not be a Shareholder.

3. Voting on Resolutions

You may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item your vote will be invalid on that item.

4. Signing instructions

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

- **(Individual)** Where the holding is in one name, the holder must sign.
- **(Joint holding)** Where the holding is in more than one name, all of the Shareholders should sign.
- **(Power of Attorney)** If you have not already lodged the Power of Attorney with the Company's share registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
- **(Companies)** Where the company has a sole director who is also the sole company secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act) does not have a company secretary, as sole director can also sign alone. Otherwise this form must be signed by a director jointly with either another director or a company secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the Meeting a "Certificate of Appointment of Corporate Representative" should be produced prior to admission.

5. Return of a Proxy Form

To vote by proxy, please complete and sign the enclosed Proxy Form (and any Power of Attorney and/or second Proxy Form) and return by:

- post to the Company at c/- Trident Capital, Level 24, 44 St Georges Terrace, Perth, Western Australia 6000; or
- facsimile to the Company on (08) 9218 8875,

so that it is received by no later than 5.00pm (AWST) on 28 June 2021. Proxy Forms received later than this time will be invalid.