



BUDDY TECHNOLOGIES LIMITED
ACN 121 184 316

NOTICE OF GENERAL MEETING

For a General Meeting of the Company to be held virtually on Monday, 30 August 2021 at 1.30pm (ACST)

*Buddy Technologies Limited (the **Company**) advises Shareholders that, in light of the COVID-19 pandemic and the potential for ongoing restrictions on public gatherings in South Australia, the Company has made arrangements for the Meeting to be held virtually via an online meeting platform hosted by the Company's share registry at: <https://agmlive.link/BUD21>. The Company advises that it will not be holding a physical meeting.*

As it will not be possible for Shareholders to physically attend the Meeting, the Company encourages all Shareholders to vote in advance of the Meeting. Proxy forms for the Meeting should be lodged before 1.30pm (ACST) on Saturday, 28 August 2021.

If you are a Shareholder and you wish to participate in the Meeting virtually, you can do so via the online meeting platform, where shareholders will be able to watch, listen, ask questions and vote in real time online. Details on how to participate in the Meeting are provided in the Notice. Please contact the Company by emailing cosec@buddy.com, if you have any queries.

Shareholders can also submit, and are encouraged to submit, any questions in advance of the Meeting by emailing the questions to cosec@buddy.com by no later than 5.00pm (ACST) on Friday, 27 August 2021.

If the above arrangements with respect to the Meeting change, Shareholders will be updated via the ASX Market Announcements Platform and/or on the Company's website at www.buddy.com.

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

A poll will be called on all resolutions being considered at this Meeting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary at cosec@buddy.com.

IMPORTANT INFORMATION

BUDDY TECHNOLOGIES LIMITED

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NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of shareholders of Buddy Technologies Limited (**Company** or **Buddy**) will be held virtually on Monday, 30 August 2021 at 1.30pm (ACST) (**Meeting**).

The Company advises that a poll will be conducted for each of the Resolutions.

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form comprise part of this Notice. We recommend Shareholders read the Explanatory Memorandum in relation to the proposed Resolutions.

The Directors have determined pursuant to regulations 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Saturday, 28 August 2021 at 1.30pm (ACST).

Any Shareholder entitled to attend and vote at the Meeting is also entitled to appoint one or more proxies to attend and vote instead of the Shareholder. To be effective, a validly executed Proxy Form must be received by the Company not less than 48 hours prior to commencement of the Meeting in accordance with the instructions detailed in the Explanatory Statement.

Terms and abbreviations used in this Notice and the Explanatory Memorandum will, unless the context requires otherwise, have the meaning given to them in the glossary.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – RATIFY ISSUE OF PLACEMENT SHARES

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

“That, pursuant to Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the prior issue of 260,000,000 Placement Shares, on the terms and conditions in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or an associate of those persons.

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

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

2. RESOLUTION 2 – APPROVE THE ISSUE OF PLACEMENT OPTIONS

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

“That, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 130,000,000 Options on the terms and conditions in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a 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 holder of ordinary securities in the entity) or an associate of those persons.

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

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

3. RESOLUTION 3 – APPROVE THE ISSUE OF CONVERTIBLE NOTES TO PFG

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

“That, pursuant to Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 4,250,000 Convertible Notes and the issue of such number of Shares to PFG (and/or its nominees) on conversion of the Convertible Notes calculated in accordance with the formula in the Explanatory Memorandum and otherwise on the terms and conditions in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast in favour of the Resolution by or on behalf of PFG or any other 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 holder of ordinary securities in the entity) or an associate of those persons.

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

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

4. RESOLUTION 4 – APPROVE THE ISSUE OF COMMITMENT FEE SHARES TO PFG

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

“That, pursuant to Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of such number of Shares to PFG (and/or its nominees) based on the formula in the Explanatory Memorandum and otherwise on the terms and conditions in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast in favour of the Resolution by or on behalf of PFG or any other 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 holder of ordinary securities in the entity) or an associate of those persons.

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

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

5. RESOLUTION 5 – APPROVE THE ISSUE OF COMMITMENT FEE OPTIONS TO PFG

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

“That, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of such number of Options to PFG (and/or its nominees) based on the formula in the Explanatory Memorandum and otherwise on the terms and conditions in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast in favour of the Resolution by or on behalf of PFG or any other 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 holder of ordinary securities in the entity) or an associate of those persons.

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

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution that way; or

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

6. RESOLUTION 6 – APPROVE THE ISSUE OF RESTRUCTURE FEE SHARES TO PFG

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

“That, pursuant to Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of such number of Shares to PFG (and/or its nominees) based on the formula in the Explanatory Memorandum and otherwise on the terms and conditions in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast in favour of the Resolution by or on behalf of PFG or any other 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 holder of ordinary securities in the entity) or an associate of those persons.

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

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

7. RESOLUTION 7 – RATIFY ISSUE OF T2 SHARES TO PFG

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

“That, pursuant to Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the prior issue of 23,993,224 Shares to PFG (and/or its nominees) on the terms and conditions in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast in favour of the Resolution by or on behalf of PFG or its associates.

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

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

Dated: 30 July 2021

BY ORDER OF THE BOARD



**Ms Victoria Allinson
Company Secretary**

EXPLANATORY MEMORANDUM

1. INTRODUCTION

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held virtually on Monday, 30 August 2021 at 1.30pm (ACST).

This Explanatory Memorandum forms part of the Notice which should be read in its entirety. This Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

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

2. ACTION TO BE TAKEN BY SHAREHOLDERS

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

2.1 Proxies

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

Please note that:

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

The Company encourages all Shareholders to vote in advance of the Meeting. Proxy Forms must be received by the Company no later than 1.30pm (ACST) on 28 August 2021, being at least 48 hours before the Meeting.

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

2.2 Participation at the Meeting

Due to the uncertainty of the current COVID-19 situation and the potential for ongoing restrictions on public gatherings in South Australia, in accordance with ASIC's 'no-action' position (as outlined in ASIC Media Release 21-061MR), the Meeting will be held as a virtual meeting. Shareholders will not be able to attend the Meeting at a physical location.

If you are a Shareholder and you wish to participate in the Meeting virtually, you can do so via the virtual Meeting platform at <https://agmlive.link/BUD21>.

The Company advises that a poll will be conducted for each of the Resolutions.

2.3 How to Vote

Shareholders may lodge a proxy vote before the Meeting through the share registry's Investor Centre at www.linkmarketservices.com.au or obtaining a voting card on the virtual meeting platform at <https://agmlive.link/BUD21> from 1.00pm (ACST) on the Meeting day once registered.

2.4 Lodging a vote before the Meeting

You may lodge a proxy vote prior to the Meeting by:

- (a) logging in to your portfolio or holding(s) at www.linkmarketservices.com.au and quote your SRN or HIN and postcode for your shareholding (or country, if you are located outside Australia); or
- (b) using the personalised link(s) provided to you via email (if you received this Notice of Meeting by email) to vote online.

To be considered valid, voting instructions must be received by Link Market Services by 1.30pm (ACST) on 28 August 2021.

2.5 Using the online meeting platform during the Meeting

We recommend logging in to the online meeting platform at least 15 minutes prior to the scheduled start time for the meeting using the instructions below:

- (a) enter <https://agmlive.link/BUD21> into a web browser on your computer or online device;
- (b) shareholders will need their SRN or HIN to obtain a voting card or lodge a question; and
- (c) proxyholders will need their proxy code which Link Market Services will provide via email no later than 24 hours prior to the Meeting.

Online registration for the Meeting will open 30 minutes before the start of the Meeting. Voting on the online meeting platform will be open between the commencement of registration for the Meeting on 30 August 2020 and the time at which the Chair announces voting closure. A 5 minute countdown will be displayed before voting closes.

2.6 Questions from Shareholders

Shareholders will have the opportunity to ask questions online via the online meeting platform provided by the Link Market Services at <https://agmlive.link/BUD21> in real time during the Meeting. You are encouraged to submit your questions as soon as registration commences.

Shareholders can also submit any questions in advance of the Meeting by emailing the questions to cosec@buddy.com by no later than 5.00pm (ACST) on 27 August 2021.

If the above arrangements with respect to the Meeting change, Shareholders will be updated via the ASX Market Announcements Platform and on the Company's website at www.buddy.com.

3. BACKGROUND TO RESOLUTIONS

3.1 Background

On 16 July 2021, the Company announced (amongst other matters) that:

- (a) it has successfully completed a bookbuild and received firm commitments for a placement to institutional, professional and sophisticated investors to raise A\$6.5 million (before costs) and will undertake a pro rata non-renounceable entitlement offer to existing shareholders to raise up to an additional A\$10 million (before costs);

- (b) it has entered into formal binding arrangements with its primary manufacturer, Eastfield Lighting (Hong Kong) Limited (**Eastfield**), and secured lender, Partners for Growth VI, L.P. (**PFG**), in respect to a debt restructure (**Debt Restructure**) (refer to Section 3.3 below for further details); and
- (c) the Company had commenced production of the Company's 2021 new LIFX products with a second manufacturer and has been allocated 1 million parts of the critical semiconductor component (of the 2.8 million ordered) (refer to the ASX announcements dated 27 April 2021, 7 June 2021 and 16 July 2021 for further details).

Refer to the ASX announcement dates 16 July 2021 and the prospectus dated 20 July 2021 (**Prospectus**) for further details.

3.2 Placement and Entitlement Offer

As announced on 16 July 2021, the Company has received firm commitments for a placement at A\$0.025 per Share via the issue of 260,000,000 Shares (**Placement Shares**) to institutional, professional and sophisticated investors to raise approximately A\$6.5 million (before costs) (**Placement**). The Placement Shares were issued on 27 July 2021.

Participants in the Placement are also entitled to subscribe for one Option with an exercise price of A\$0.05 exercisable any time up until 30 July 2024 (**Placement Options**) for every two Placement Shares issued (subject to Shareholder approval under Resolution 2). The Company will, subject to the satisfaction of the requirements in Listing Rule 2.5, seek quotation of the Placement Options on the ASX.

The Company also announced a non-underwritten pro-rata non-renounceable entitlement offer pursuant to which the Company will offer all eligible Shareholders an opportunity to subscribe for Shares on a one (1) for 7.5 basis at the same issue price as the Placement, together with one free attaching Option for every two shares issued, to raise up to an additional A\$10 million (before costs) (**Entitlement Offer**). The Company will, subject to the satisfaction of the requirements in Listing Rule 2.5, seek quotation of the Options offered under the Entitlement Offer on the ASX.

Refer to the Company's announcement dated 16 July 2021 and the Prospectus for further details regarding the Placement and Entitlement Offer.

3.3 Debt Restructure

The Company has entered into formal binding arrangement with Eastfield to settle all amounts owing in respect to a line of credit facility and historical accounts payables (which totalled ~US\$5.77 million) via the payment of US\$2.75 million to Eastfield (being, US\$3.02 million equivalent of debt forgiveness) (**Eastfield Payment**).

In addition, the Company has also restructured its existing US\$10m term debt facility with PFG (**PFG Loan Facility**), whereby (amongst other matters):

- (a) Buddy has agreed to issue 23,993,224 Shares to PFG, at an issue price of A\$0.025 per Share, in respect to the T2 term loan facility (which if sold by PFG, the proceeds from which will be utilised to pay down the outstanding tranche 2 loan principle amount of US\$816,125) (**T2 Shares**). The T2 Shares were issued on 27 July 2021 utilising the Company's existing Listing Rule 7.1 capacity and the Company is seeking to ratify the issue of the T2 Shares under Resolution 7;
- (b) Buddy has agreed to make a pre-payment of US\$2.5 million of amounts owing to PFG under the PFG Loan Facility (**PFG Payment**); and
- (c) PFG has agreed to fund the Eastfield Payment, if required (refer below for further details).

The Company's US\$10m working capital facility with PFG has not changed and Buddy intends to continue to utilise the working capital facility to fund manufacturing and other working capital requirements. Refer to the ASX announcement dated 5 January 2021 for further details in respect to the PFG Loan Facility and working capital facility.

The Company has agreed to utilise proceeds raised under the Placement and Entitlement Offer as follows:

- (a) US\$1 million raised under the Placement will be utilised to pay a proportion of the Eastfield Payment;
- (b) the first US\$1.75 million raised under the Entitlement Offer will be utilised to pay the remainder of the Eastfield Payment;
- (c) the next US\$2.5 million raised under the Entitlement Offer will be utilised to make the PFG Payment; and
- (d) any additional amounts raised (in excess of US\$4.25 million) will be utilised for working capital purposes.

If Buddy does not raise sufficient funds under the Entitlement Offer to pay the remainder of the Eastfield Payment (of up to an amount of US\$1.75 million) and/or make the PFG Payment (of up to an amount of US\$2.5 million), Buddy will either issue to PFG promissory notes with a face value of up to US\$4.25 million (**Promissory Notes**) or convertible notes which are convertible into Shares, at a conversion price of A\$0.025 per Share, at the election of PFG (**Convertible Notes**) and proceeds from the Promissory Notes or the Convertible Notes will be utilised to pay the remainder of the Eastfield Payment and/or make the PFG Payment. The terms of the Promissory Notes (being debt instruments) are as follows:

- (a) Security: Senior secured, pro rata with existing PFG debt.
- (b) Maturity: 4 May 2024.
- (c) Interest Rate: 12.50% payable monthly.
- (d) Buddy will be required to repay PFG an amount equivalent to 1.5 times of the principal amount and any accrued interest on the maturity date.

Buddy is seeking Shareholder approval to approve the issue of the Convertible Notes under Resolution 3 and if Shareholder approval is not obtained, Buddy will issue Promissory Notes to PFG (if required). The terms of the Convertible Notes are detailed in Schedule 2.

Shareholders are advised that the Company is not seeking shareholder approval for the conversion of the Promissory Notes, but rather, to issue Convertible Notes (subject to Shareholder approval under Resolution 3) – these are separate instruments. No Promissory Notes or Convertible Notes will be issued until after the close of the Entitlement Offer and after the Meeting has occurred and if, Shareholder approval under Resolution 3 is not obtained, Buddy will issue Promissory Notes (being a debt instrument) rather than the Convertible Notes.

The maximum amount payable to PFG under the Debt Restructure is US\$2,695,000 in cash and Shares and Options (assuming that all of the Convertible Notes or Promissory Notes are issued to PFG). The fees payable to PFG under the Debt Restructure include:

- (a) a 3.5% back-end restructure fee (**Restructure Fee**) based on the outstanding balance of the PFG Loan Facility (being approximately US\$500,000) payable either in cash at maturity or Buddy can elect to pay 50% of the Restructure Fee via the issue of Shares (subject to Shareholder approval under Resolution 6) (**Restructure Fee Shares**);

- (b) a 0.5% restructuring fee, payable in cash following completion of the Entitlement Offer, in respect to the Debt Restructure. For the avoidance of doubt, this fee is not being paid in respect to the Entitlement Offer; and
- (c) a commitment fee of US\$875,000 plus 50% of any amount over US\$1.75m of Promissory Notes or Convertible Notes issued, with such amount to be satisfied by the issue of Shares at A\$0.025 per Share (**Commitment Fee Shares**) to PFG plus Options, each with an exercise price of A\$0.05 and an expiry date of 30 July 2024 (**Commitment Fee Options**) (together with the Commitment Fee Shares, the **Commitment Fee Securities**) (subject to Shareholder approval being obtained under Resolutions 4 and 5, respectively). In the event that Shareholder approval to issue the Commitment Fee Securities is not obtained, the Commitment Fee will be payable to PFG in cash in monthly instalments of US\$92,391.30 from July 2022 to May 2024, together with an interest rate of 12.5%.

Please refer to the Company's announcement of 16 July 2021 and the Prospectus for further details regarding the Debt Restructure.

4. RESOLUTION 1 – RATIFICATION OF PLACEMENT SHARES

4.1 General

Refer to Section 3.2 for details of the Placement.

The Placement Shares were issued utilising the Company's 15% share issue capacity under ASX Listing Rule 7.1.

Resolution 1 is an ordinary resolution.

The Chair intends to exercise all available proxies in favour of Resolution 1.

4.2 Listing Rule 7.4

In accordance with Listing Rule 7.1, the Company must not, subject to specified exceptions, issue or agree to issue more securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period (**15% Placement Capacity**).

Listing Rule 7.4 provides that where a company in general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) those securities will be deemed to have been made with Shareholder approval for the purpose of Listing Rule 7.1. The Company confirms that the issue of the Placement Shares did not breach Listing Rule 7.1.

The effect of passing Resolution 1 will be to allow the Company to issue securities in the future up to the 15% Placement Capacity, without obtaining prior Shareholder approval.

If Resolution 1 is passed, the Placement Shares will be excluded in calculating the Company's 15% Placement Capacity under Listing Rule 7.1, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Placement Shares.

If Resolutions 1 is not passed, the Placement Shares will be included in calculating the Company's 15% Placement Capacity under Listing Rule 7.1, effectively decreasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Placement Shares.

4.3 Specific information required by Listing Rule 7.5

In accordance with Listing Rule 7.5, information is provided in relation to the Placement Shares as

follows:

- (a) The Placement Shares were issued to sophisticated and professional investors identified by the Company and the Lead Manager, Bell Potter Securities Limited. None of the recipients were related parties, key management personnel, or an adviser of the Company (noting that FIL Limited was the only substantial shareholder of the Company that participated in the Placement). All of the recipients were existing Shareholders that had been identified through a bookbuild process which involved the Company and the Lead Manager seeking expressions of interest from certain key stakeholders to participate in the Placement.
- (b) 260,000,000 Shares were issued using the Company's 15% Placement Capacity under Listing Rule 7.1.
- (c) The Placement Shares had an issue price of A\$0.025.
- (d) The Placement Shares are fully paid ordinary Shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and rank equally in all respects with the existing Shares.
- (e) The Placement Shares were issued on 27 July 2021.
- (f) The purpose of the issue of the Placement Shares was to raise A\$6.5 million (before costs) was to fund part payment of the Eastfield Payment (of US\$1 million) and for working capital purposes.
- (g) The Placement Shares were issued pursuant to short form subscription letters pursuant to which the sophisticated and professional shareholders and investors were issued Placement Shares at an issue price of A\$0.025. Under the short form subscription letters, the sophisticated and professional shareholders and investors agreed to subscribe for Placement Shares at an issue price of A\$0.025 and were subject to standard representation and warranties customary for an agreement of this nature.
- (h) A voting exclusion statement is included in the Notice for Resolution 1.

4.4 Director Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 1.

5. RESOLUTION 2 – APPROVE THE ISSUE OF PLACEMENT OPTIONS

5.1 General

Resolution 2 seeks Shareholder approval for the issue of the Placement Options to participants in the Placement.

Refer to Section 3.2 for details of the Placement.

Resolution 2 is an ordinary resolution.

The Chair intends to exercise all available proxies in favour of Resolution 1.

5.2 Listing Rule 7.1

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

The effect of passing Resolution 2 will be to allow the Directors to issue the Placement Options, without using the Company's 15% Placement Capacity.

If Resolution 2 is passed, the Company will be able to proceed with the issue of the Placement Options to the participants in the Placement. In addition, the issue of the Placement Options will be excluded

from the calculation of the number of equity securities that the Company can issue without Shareholder approval under its 15% Placement Capacity.

If Resolution 2 is not passed, the issue of the Placement Options to the participants in the Placement will only proceed to that extent the Company has the available placement capacity to issue equity securities without Shareholder approval under Listing Rule 7.1. If the Company does not have the available placement capacity to issue equity securities without Shareholder approval under Listing Rule 7.1, the issue of the Placement Options to the participants in the Placement will not proceed.

5.3 Specific information required by Listing Rule 7.3

In accordance with Listing Rule 7.3, information is provided in relation to the Placement Options as follows:

- (a) The Placement Options will be issued to participants in the Placement, who are sophisticated and professional investors identified by the Company and the Lead Manager, Bell Potter Securities Limited. The Placement participants are not related parties, key management personnel, or an adviser of the Company (noting that FIL Limited was the only substantial shareholder of the Company that participated in the Placement). All of the Placement participants were existing Shareholders that had been identified through a bookbuild process which involved the Company and the Lead Manager seeking expressions of interest from certain key stakeholders to participate in the Placement.
- (b) The maximum number of Placement Options to be issued is 130,000,000.
- (c) The Placement Options will be issued for nil cash consideration, as they are free on the basis of one free attaching Placement Option for every two Placement Shares issued.
- (d) The Placement Options will have an exercise price of A\$0.05 with an expiry date of 30 July 2024 and will have the terms and conditions in Schedule 1.
- (e) The issue of the Placement Options will occur on or around 30 August 2021 and in any event no later than 3 months after the date of the Meeting.
- (f) No funds will be raised by the issue of the Placement Options, as they are free attaching on the basis of one free attaching Placement Option for every two Placement Shares issued.
- (g) The Placement Options are being issued under the Prospectus.
- (h) A voting exclusion statement is included in the Notice for Resolution 2.

5.4 Director Recommendation

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

6. RESOLUTION 3 – APPROVE THE ISSUE OF CONVERTIBLE NOTES TO PFG

6.1 General

Resolution 3 seeks Shareholder approval for the issue of up to 4,250,000 Convertible Notes (**Convertible Notes**) to PFG (and/or its nominees).

Refer to Section 3.3 for details of the Convertible Notes.

PFG is not a related party or an associate of a related party of the Company.

Resolution 3 is an ordinary resolution.

The Chair intends to exercise all available proxies in favour of Resolution 3.

The terms of the Convertible Notes are detailed in Schedule 2.

6.2 Listing Rule 7.1

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

The effect of passing Resolution 3 will be to allow the Company to issue the Convertible Notes without using the Company's 15% Placement Capacity.

If Resolution 3 is passed, the Company will be able to proceed with the issue of the Convertible Notes to PFG (and/or its nominees). In addition, the issue of the Convertible Notes will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under its 15% Placement Capacity.

If Resolution 3 is not passed, the Company will issue to PFG the Promissory Notes (being debt instruments) with a face value of up to US\$4.25 million instead. Refer to Section 3.3 for further details.

6.3 Specific information required by Listing Rule 7.3

In accordance with Listing Rule 7.3, information is provided in relation to the Convertible Notes as follows:

- (a) Up to 4,250,000 Convertible Notes will be issued to PFG (and/or its nominees).
- (b) The number of Shares to be issued to PFG (and/or its nominees) upon conversion of the Convertible Notes will be calculated in accordance with the following formula:

$$\text{Convertible Notes} = \frac{\text{Amount} / \text{Exchange Rate}}{\text{Conversion Price}}$$

For the purposes of the formula:

Amount	is a maximum amount of up to US\$4,250,000
Conversion Price	is A\$0.025
Exchange Rate	is the AUD/USD exchange rate as published by the Reserve Bank of Australia on the Business Day prior to the date of the conversion notice or notice pursuant to paragraph (e)(vii) of the terms and conditions of the Convertible Notes. If the Reserve Bank of Australia ceases to publish the rate of exchange rate for those two currencies, then the applicable rate of exchange for the purposes of this definition will be as agreed between the Company and PFG (acting reasonably and in good faith).

- (c) The terms and conditions of the Convertible Notes are detailed in Schedule 2. Shares issued on conversion of the Convertible Notes will be fully paid ordinary Shares in the capital of the Company on the terms and conditions as the Company's existing Shares and rank equally in all respects with the existing Shares.
- (d) The issue of the Convertible Notes will occur on or around 30 August 2021 and in any event no later than 3 months after the date of the Meeting.
- (e) Each Convertible Note will have a face value of US\$1.00.
- (f) Funds raised under the Convertible Notes will be utilised to part fund the Eastfield Payment (of up to US\$1.75 million) and/or fund the payment of the PFG Payment (of up to US\$2.5 million).
- (g) The Convertible Notes are being issued under the Prospectus.
- (h) A voting exclusion statement is included in the Notice for Resolution 3.

6.4 Potential Dilution

The exact number of Shares to be issued to PFG (and/or its nominees) on conversion of the all Convertible Notes will be depend on the US/AUD exchange rate on the business day prior to the date on which PFG elects to convert the Convertible Note.

As the number of Shares to be issued is not known as at the date of this Notice, and will not be known as at the date of the Meeting, below are worked examples of the number of Shares that may be issued following the conversion of the Convertible Notes under Resolution 3, based on a range of USD/AUD exchange rates. The figures are subject to rounding.

Exchange Rate	Conversion Price	Maximum No. of Shares*	Shares Currently on Issue	Dilution Effect
0.70	\$0.025	242,857,143	3,000,332,100	8.09%
0.75	\$0.025	226,666,666	3,000,332,100	7.55%
0.80	\$0.025	212,500,000	3,000,332,100	7.08%

*Assumes all 4,250,000 Convertible Notes are issued.

The above table is for illustrative purposes only. The actual price for the Shares may differ and this will result in the maximum number of Shares to be issued on conversion of the Convertible Notes and the dilutive percentage to also differ. The example table also assumes no existing Options, Performance Rights or Warrants are exercised or converted or securities issued.

6.5 Director Recommendation

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

7. RESOLUTIONS 4 AND 5 – APPROVE THE ISSUE OF COMMITMENT FEE SECURITIES

7.1 General

Resolution 4 seeks Shareholder approval for the issue of the Commitment Fee Shares to PFG (and/or its nominees).

Resolution 5 seeks Shareholder approval for the issue of the Commitment Fee Options to PFG (and/or its nominees).

Refer to Section 3.3 for details of the Commitment Fee Shares and Commitment Fee Options.

PFG is not a related party or an associate of a related party of the Company.

Resolutions 4 and 5 are ordinary resolutions.

The Chair intends to exercise all available proxies in favour of Resolutions 4 and 5.

7.2 Listing Rule 7.1

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

The effect of passing Resolutions 4 and 5 will be to allow the Directors to issue the Commitment Fee Shares and Commitment Fee Options, respectively, without using the Company's 15% Placement Capacity.

If Resolution 4 is passed, the Company will be able to proceed with the issue of the Commitment Fee Shares to PFG. In addition, the issue of the Commitment Fee Shares will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under its 15% Placement Capacity.

If Resolution 5 is passed, the Company will be able to proceed with the issue of the Commitment Fee Options to PFG (and/or its nominees). In addition, the issue of the Commitment Fee Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under its 15% Placement Capacity.

If Resolution 4 is not passed, the issue of the Commitment Fee Shares to PFG (and/or its nominees) will only proceed to that extent the Company has the available placement capacity to issue equity securities without Shareholder approval under Listing Rule 7.1. If the Company does not have the available placement capacity to issue equity securities without Shareholder approval under Listing Rule 7.1, the issue of the Commitment Fee Shares to PFG (and/or its nominees) will not proceed and the Commitment Fee will be payable to PFG in cash with US\$92,391.30 payable in monthly instalments from July 2022 to May 2024 with an interest rate of 12.5%. Refer to Section 3.3 for further details.

If Resolution 5 is not passed, the issue of the Commitment Fee Options to PFG (and/or its nominees) will only proceed to that extent the Company has the available placement capacity to issue equity securities without Shareholder approval under Listing Rule 7.1. If the Company does not have the available placement capacity to issue equity securities without Shareholder approval under Listing Rule 7.1, the issue of the Commitment Fee Options to PFG (and/or its nominees) will not proceed and the Commitment Fee will be payable to PFG in cash with US\$92,391.30 payable in monthly instalments from July 2022 to May 2024 with an interest rate of 12.5%. Refer to Section 3.3 for further details.

7.3 Specific information required by Listing Rule 7.3 – Commitment Fee Shares

In accordance with Listing Rule 7.3, information is provided in relation to the Commitment Fee Shares as follows:

- (a) The Commitment Fee Shares will be issued to PFG (and/or its nominees).
- (b) The maximum number of Shares to be issued to PFG will be calculated in accordance with the following formula:

$$\text{Commitment Fee Shares} = \frac{\text{Amount} / \text{Exchange Rate}}{\text{Conversion Price}}$$

For the purposes of the formula:

Amount	US\$875,000 plus 50% of any amount over US\$1,750,000 issued under the Convertible Notes or Promissory Notes
Conversion Price	is A\$0.025
Exchange Rate	is the AUD/USD exchange rate as published by the Reserve Bank of Australia on the Business Day prior to the issue of the Commitment Fee Shares

- (c) The Commitment Fee Shares will be fully paid ordinary Shares in the capital of the Company on the terms and conditions as the Company's existing Shares and rank equally in all respects with the existing Shares.
- (d) The issue of the Commitment Fee Shares will occur on or around 30 August 2021 and in any event no later than 3 months after the date of the Meeting.
- (e) The issue price of the Commitment Fee Shares will be A\$0.025.

- (f) No funds will be raised from the issue of the Commitment Fee Shares as they are being issued for nil cash consideration to PFG (and/or its nominees) as part of the fees in relation to the issue of Convertible Note or Promissory Notes as part of the Debt Restructure.
- (g) A voting exclusion statement is included in the Notice for Resolution 4.

7.4 Specific information required by Listing Rule 7.3 – Commitment Fee Options

In accordance with Listing Rule 7.3, information is provided in relation to the Commitment Fee Options as follows:

- (a) The Commitment Fee Options will be issued to PFG (and/or its nominees).
- (b) The number of Commitment Fee Options to be issued is subject to the formula in in Section 7.3(b) above, on the basis of one Commitment Fee Option for every two Commitment Fee Shares issued (subject to rounding).
- (c) The Commitment Fee Options will be issued for nil cash consideration, as they are being issued as free attaching for every two Commitment Fee Shares issued.
- (d) The Commitment Fee Options will be have an exercise price of A\$0.05 with an expiry date of 30 July 2024 and will have the terms and conditions in Schedule 1.
- (e) The issue of the Commitment Fee Options will occur on or around 30 August 2021 and in any event no later than 3 months after the date of the Meeting.
- (f) No funds will be raised by the issue of the Commitment Fee Options, as they are free attaching on the basis of one free attaching Commitment Fee Option for every two Commitment Fee Shares issued.
- (g) A voting exclusion statement is included in the Notice for Resolution 5.

7.5 Potential Dilution

The exact number of Commitment Fee Shares and Commitment Fee Options to be issued to PFG (and/or its nominees) under Resolutions 4 and 5, respectively, will be depend on the total number of Convertible Notes or Promissory Notes issued to PFG and the USD/AUD exchange rate on the date prior to the issue of the Commitment Fee Shares.

As the number of Commitment Fee Shares to be issued is not known as at the date of this Notice, and will not be known as at the date of the Meeting, below are worked examples of the number of Commitment Fee Shares and Commitment Fee Options that may be issued under Resolutions 4 and 5, respectively, based on a range of USD/AUD exchange rates. The figures are subject to rounding.

Exchange Rate	Conversion Price	Maximum No. of Commitment Fee Shares*	Maximum No. of Commitment Fee Options*	Shares Currently on Issue	Dilution Effect
0.70	\$0.025	121,428,571	60,714,285	3,000,332,100	4.05%
0.75	\$0.025	113,333,333	56,666,666	3,000,332,100	3.77%
0.80	\$0.025	106,250,000	53,15,000	3,000,332,100	3.54%

*Assumes a maximum commitment fee of US\$2,125,000.

The above table is for illustrative purposes only. The actual Exchange Rate may differ and this will result in the maximum number of Commitment Fee Shares and Commitment Fee Options to be issued and the dilutive percentage to also differ. The example table also assumes no existing Options, Performance Rights or Warrants are exercised or converted or securities issued.

7.6 Director Recommendations

The Directors recommend that Shareholders vote in favour of Resolutions 4 and 5.

8. RESOLUTION 6 – APPROVE THE ISSUE OF RESTRUCTURE FEE SHARES

8.1 General

Resolution 6 seeks Shareholder approval for the issue of the Restructure Fee Shares to PFG (and or its nominees).

Refer to Section 3.3 for details of the Restructure Fee Shares.

PFG is not a related party or an associate of a related party of the Company.

Resolution 6 is an ordinary resolution.

The Chair intends to exercise all available proxies in favour of Resolution 6.

8.2 Listing Rule 7.1

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

The effect of passing Resolution 6 will be to allow the Directors to issue the Restructure Fee Shares without using the Company's 15% Placement Capacity.

If Resolution 6 is passed, the Company will be able to proceed with the issue of the Restructure Fee Shares to PFG. In addition, the issue of the Restructure Fee Shares will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under its 15% Placement Capacity.

If Resolution 6 is not passed, the issue of the Restructure Fee Shares to PFG will only proceed to that extent the Company has the available placement capacity to issue equity securities without Shareholder approval under Listing Rule 7.1. If the Company does not have the available placement capacity to issue equity securities without Shareholder approval under Listing Rule 7.1, the issue of the Restructure Fee Shares to PFG will not proceed and Buddy will have to pay the Restructure Fee (being up to US\$504,000) in cash. If Shareholder approval is not obtained, the Restructuring Fee of US\$504,000 will be paid in cash at maturity, being in May 2024. If paid in cash, the Restructuring Fee will be paid in one lump sum payment and the Company will either utilise its existing cash reserves or may consider raising further capital via debt and/or equity at that time (if required). Refer to Section 3.3 for further details.

8.3 Specific information required by Listing Rule 7.3

In accordance with Listing Rule 7.3, information is provided in relation to the Restructure Fee Shares as follows:

- (a) The maximum number of Shares to be issued to PFG will be calculated in accordance with the following formula:

$$\text{Restructure Fee Shares} = \frac{\text{Amount} / \text{Exchange Rate}}{\text{Conversion Price}}$$

- (b) For the purposes of the formula:

Amount	Up to US\$252,000
Conversion Price	is A\$0.025

Exchange Rate is the AUD/USD exchange rate as published by the Reserve Bank of Australia on the Business Day prior to the issue of the Restructure Fee Shares

- (c) The Restructure Fee Shares will be issued on or around 30 August 2021, and in any event no later than 3 months from the date of the Meeting.
- (d) The issue price of the Restructure Fee Shares will be A\$0.025.
- (e) The Restructure Fee Shares are fully paid ordinary Shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and rank equally in all respects with the existing Shares.
- (f) No funds will be raised by the issue of the Restructure Fee Shares, as they are being issued in lieu of the Restructure Fee (refer to Section 3.3 for further details).
- (g) The Restructure Fee Shares are being issued to PFG pursuant to the Debt Restructure in lieu of payment of 50% of a back-end restructure fee payable to PFG based on the outstanding balance of the PFG Loan Facility (being up to US\$504,000) (refer to Section 3.3 for further details on the Debt Restructure).
- (h) A voting exclusion statement is included in the Notice for Resolution 6.

8.4 Potential Dilution

The exact number of Restructure Fee Shares to be issued to PFG (and/or its nominees) under Resolution 6 will depend on the USD/AUD exchange rate on the date prior to the issue of the Restructure Fee Shares.

As the number of Restructure Fee Shares to be issued is not known as at the date of this Notice, and will not be known as at the date of the Meeting, below are worked examples of the number of Restructure Fee Shares that may be issued under Resolution 6 based on a range of US/AUD exchange rates. The figures are subject to rounding.

Exchange Rate	Conversion Price	Maximum No. of Restructure Fee Shares*	Shares Currently on Issue	Dilution Effect
0.70	\$0.025	14,400,000	3,000,332,100	0.48%
0.75	\$0.025	13,440,000	3,000,332,100	0.45%
0.80	\$0.025	12,600,000	3,000,332,100	0.42%

The above table is for illustrative purposes only. The actual Exchange Rate may differ and this will result in the maximum number of Restructure Fee Shares to be issued and the dilutive percentage to also differ. The example table also assumes no existing Options, Performance Rights or Warrants are exercised or converted or securities issued.

8.5 Director Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 6.

9. RESOLUTION 7 – RATIFY THE ISSUE OF T2 SHARES

9.1 General

Pursuant to the Company's obligations to PFG under the Debt Restructure, the Company will issue 23,993,224 Shares to PFG (and/or its nominees). The T2 Shares will be issued under the Company's Listing Rule 7.1 Capacity prior to the Meeting.

Refer to Section 3.3 for details of the T2 Shares.

PFG is not a related party or an associate of a related party of the Company.

Resolution 7 is an ordinary resolution.

The Chair intends to exercise all available proxies in favour of Resolution 7.

9.2 Listing Rule 7.4

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

Listing Rule 7.4 provides that where a company in general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) those securities will be deemed to have been made with Shareholder approval for the purpose of Listing Rule 7.1. The Company confirms that the issue of the T2 Shares did not breach Listing Rule 7.1.

The effect of passing Resolution 7 will be to allow the Directors to issue the T2 Shares without using the Company's 15% Placement Capacity.

If Resolution 7 is passed, the T2 Shares will be excluded in calculating the Company's 15% Placement Capacity under Listing Rule 7.1, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the T2 Shares.

If Resolutions 7 is not passed, the T2 Shares will be included in calculating the Company's 15% Placement Capacity under Listing Rule 7.1, effectively decreasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the T2 Shares.

9.3 Specific information required by Listing Rule 7.5

In accordance with Listing Rule 7.5, information is provided in relation to the T2 Shares as follows:

- (a) 23,993,224 Shares were issued to PFG (and/or its nominees) on 27 July 2021.
- (b) The T2 Shares will have an issue price of A\$0.025.
- (c) The T2 Shares will be fully paid ordinary Shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and rank equally in all respects with the existing Shares.
- (d) No funds will be raised by the issue of the T2 Shares, as they are being issued in respect to the T2 term loan facility (refer to Section 3.3 for further details).
- (e) The Restructure Fee Shares are being issued to PFG in respect to the T2 term loan facility (which if sold by PFG, the proceeds from which will be utilised to pay down the outstanding

tranche 2 loan principle amount of US\$816,125) (refer to Section 3.3 for further details on the Debt Restructure).

- (f) The T2 Shares were issued under the Prospectus.
- (g) A voting exclusion statement is included in the Notice for Resolution 7.

9.4 Director Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 7.

GLOSSARY

A\$ means Australian dollars.

ACST means Australian Central Standard Time, being the time in Adelaide, South Australia.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Commitment Fee has the meaning given to that term in Section 3.3.

Commitment Fee Options has the meaning given to that term in Section 3.3.

Commitment Fee Shares has the meaning given to that term in Section 3.3.

Commitment Fee Securities has the meaning given to that term in Section 3.3.

Company or **Buddy** means Buddy Technologies Limited (ACN 121 184 316).

Constitution means the Company's constitution.

Convertible Notes has the meaning given to that term in Section 3.3.

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

Debt Restructure has the meaning given to that term in Section 3.1.

Directors mean the current directors of the Company.

Eastfield has the meaning given to that term in Section 3.1.

Eastfield Payment has the meaning given to that term in Section 3.3.

Entitlement Offer has the meaning given to that term in Section 3.2.

Explanatory Memorandum means the Explanatory Memorandum accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Lead Manager means Bell Potter Securities Limited.

Lead Manager Options has the meaning given to that term in Section 3.2.

Listing Rules means the Listing Rules of ASX.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Memorandum and the Proxy Form.

Material Investor means a related party of the Company, a member of Key Management Personnel, a substantial holder of the Company, an adviser to the Company or an associate of any of those persons.

Option means an option with the terms and conditions in Schedule 1.

PFG has the meaning given to that term in Section 3.1.

PFG Loan Facility has the meaning given to that term in Section 3.3.

PFG Payment has the meaning given to that term in Section 3.3.

Placement has the meaning given to that term in Section 3.2.

Placement Options has the meaning given to that term in Section 3.2.

Placement Shares has the meaning given to that term in Section 3.2.

Promissory Notes has the meaning given to that term in Section 3.3.

Prospectus has the meaning given to that term in Section 3.1.

Proxy Form means the proxy form accompanying the Notice.

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

Restructure Fee has the meaning given to that term in Section 3.3.

Restructure Fee Shares has the meaning given to that term in Section 3.3.

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

Shareholder means a registered holder of a Share.

T2 Shares has the meaning given to that term in Section 3.3.

US\$ means United States dollars.

SCHEDULE 1 – TERMS AND CONDITIONS OF OPTIONS

Detailed below is a summary of the key terms and conditions of the Options:

(a) **Entitlement**

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

(b) **Exercise Price**

Subject to Section (j) below, the amount payable upon exercise of the Options is \$A0.05 each (**Option Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00pm (WST) on 30 July 2024 (**Option Expiry Date**). A Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

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

(e) **Notice of Exercise**

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

(f) **Exercise Date**

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

(g) **Timing of Issue of the Shares on Exercise**

Within 5 Business Days after receipt of a Option Notice of Exercise given in accordance with these terms and conditions for each Option being exercised, the Company will:

- (i) allot and issue the Shares pursuant to the exercise of the Options; and
- (ii) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

(h) **Shares Issued on Exercise**

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

(i) **Quotation of the Shares Issued on Exercise**

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

(j) **Reconstruction of Capital**

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

(k) **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 the Company's shareholders during the currency of the Options without exercising the Options.

(l) **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 a Option will be increased by the number of Shares which the holder would have received if the Options held by the holder had been exercised before the record date for the bonus issue; and
- (ii) no change will be made to the Option Exercise Price.

(m) **Adjustment for Rights Issue**

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of satisfaction of dividends or by way of dividend reinvestment) the Option Exercise Price of an Option will be reduced according to the following formula in Listing Rule 6.22 so that the holder does not suffer any detriment as a result of the pro rata issue.

(n) **Quotation**

The Company will apply for quotation of the Options in accordance with the Listing Rules. In the event that quotation of the Options cannot be obtained, the Options will be issued on an unquoted basis.

(o) **Transferability**

The Options are transferable.

SCHEDULE 2 – TERMS AND CONDITIONS OF CONVERTIBLE NOTES

Detailed below is a summary of the conditions of the Convertible Notes (**Note Conditions**):

(a) **Term**

The Convertible Notes will mature on 4 May 2024 issue (**Maturity Date**).

(b) **Face Value**

Each Convertible Note has a face value of US\$1.00 (**Face Value**).

(c) **Interest**

Interest is payable on the Convertible Notes at 12.50% per annum payable monthly.

(d) **Security**

The Convertible Notes are senior secured pro rata with existing PFG debt.

(e) **Conversion**

- (i) Subject to the Company obtaining Shareholder approvals, PFG may elect to Convert all or some of the Convertible Notes not already repaid by delivering a conversion notice (**Conversion Notice**) to the Company at any time during the period from the issue of the Convertible Notes and concluding on the Maturity Date (**Note Period**).
- (ii) If a Conversion Notice is given to the Company, within 3 Business Days, after the Company gives notice of redemption under clause (f), the Conversion Notice takes precedence and this clause (e) applies.
- (iii) The Convertible Notes have a fixed conversion price of A\$0.025 (**Conversion Price**).
- (iv) The Conversion Notice must specify the number of Convertible Notes to be converted (**Conversion Amount**).
- (v) If PFG delivers a Conversion Notice to the Company in accordance with clause (e)(i) the Convertible Notes the subject of that Conversion Notice will be converted into such number of Shares as is determined by dividing the sum of the Face Value for the Convertible Notes by the Conversion Price divided by the Exchange Rate (provided that if the resultant number contains a fraction, the Company will round the fraction up or down to the nearest whole number, with entitlements to less than half of a Share rounded down).
- (vi) Exchange Rate means the AUD/USD exchange rate as published by the Reserve Bank of Australia on the Business Day prior to the date of the Conversion Notice or prior to the date of notice pursuant to paragraph (e)(vii) (as applicable). If the Reserve Bank of Australia ceases to publish the rate of exchange rate for those two currencies, then the applicable rate of exchange for the purposes of this definition will be as agreed between the Company and PFG (acting reasonably and in good faith).
- (vii) If at any time prior to the Maturity Date, a Change of Control Event occurs, the Company may, subject to the Company obtaining Shareholder approvals, elect to convert all the Convertible Notes then outstanding into such number of Shares as is determined by dividing the sum of the Face Value for those Convertible Notes by the Conversion Price divided by the Exchange Rate (provided that if the resultant number contains a fraction, the Company will round the fraction up or down to the nearest whole number, with entitlements to less than half of a Share rounded down) by sending a notice to PFG.

- (viii) Change of Control Event means, in respect of the Company:
- (A) a court approval of a merger by way of scheme of arrangement (but shall not include a merger by way of scheme of arrangement for the purposes of a corporate restructure (including change of domicile, consolidation, sub-division, reduction or return of the issued capital of the Company)); or
 - (B) a Takeover Bid:
 - (1) is announced;
 - (2) has become unconditional; and
 - (3) the person making the Takeover Bid has a Relevant Interest in 50% or more of the Shares.

(f) **Redemption and Repayment**

- (i) At any time during the Note Period, the Company may redeem all of the Convertible Notes that have not been Converted by giving PFG 5 Business Days written notice of the redemption and paying an amount equivalent to the outstanding total amount plus any accrued but unpaid interest on each Convertible Note to PFG in full satisfaction of all Convertible Notes.
- (ii) In respect of each Convertible Note, unless that Convertible Note has been converted in accordance with clause (e) or already redeemed in accordance with clause (f)(i) then on the earlier of the Maturity Date and the date the Company receives a notice from PFG which makes a declaration in accordance with clause (i)(ii) (**Termination Date**) the Company must pay an amount equivalent to the outstanding total amount plus any accrued but unpaid interest on each Convertible Note to PFG in full satisfaction of all Convertible Notes.

(g) **Issue of Conversion Shares**

After the receipt of a Conversion Notice from PFG or after the sending of a notice in accordance with clause (e)(vii) the Company will, as soon as reasonably practicable and within 5 Business Days:

- (i) allot and issue the Shares required to be issued to PFG pursuant to the conversion (**Conversion Shares**);
- (ii) record the PFG as the holder of the Conversion Shares in the Company's Share register; and
- (iii) lodge with the ASX in accordance with all applicable laws in respect of the issue of the Conversion Shares, an Appendix 2A and any other documents to ensure the Conversion Shares are freely tradeable on ASX from their date of issue.

(h) **Transferability**

The Convertible Notes cannot be sold, assigned or transferred, except to:

- (i) an affiliate of PFG;
- (ii) anyone with the consent of the Company (which shall not be unreasonably withheld, delayed, or conditioned); or
- (iii) anyone while an Event of Default subsists.

(i) **Events of Default**

- (i) The occurrence, without the prior written consent of PFG, of any of the following events is deemed an **Event of Default**:
- (A) (Non-payment) the Company does not pay on the due date any amount payable by it pursuant to the Note Conditions at the place and in the currency in which it is expressed to be payable;
 - (B) (Other obligations) the Company does not comply with any Note Condition (other than those referred to in clause (Non-payment)) and fails to remedy the non-compliance within 20 Business Days of the earlier of PFG giving notice to the Company and the Company becoming aware of the failure to comply;
 - (C) (Misrepresentation) any representation or statement made or deemed to be made by the Company in the Note Conditions is or proves to have been incorrect or misleading in any material respect when made or deemed to be made;
 - (D) (Cross-Default) an event of default occurs under the PFG Loan Facility or any other loan document between PFG and the Company;
 - (E) (Unlawfulness) it is or becomes unlawful for the Company to perform any of its obligations under the Note Conditions; and
 - (F) (Repudiation) the Company repudiates the Note Conditions or evidences an intention to repudiate the Note Conditions.
- (ii) On the occurrence of an Event of Default, the Holder may by written notice to the Company declare all of its Convertible Notes then outstanding, to be due and payable and demand the payment of the outstanding total amount.
- (iii) Upon receipt of a declaration under clause (i)(ii), an amount equal to the outstanding total amount plus any accrued but unpaid interest on each Convertible Note, shall become due and payable by the Company to that Holder on the Termination Date.

(j) **Representations and warranties**

Under the Note Conditions, the Company makes various customary representations and warranties for the benefit of the PFG.