



1300SMILES LIMITED
ACN 094 508 166

NOTICE OF ANNUAL GENERAL MEETING

AND

EXPLANATORY MEMORANDUM

Date of Meeting: 27 November 2014

Time of Meeting: 10.00am (Townsville time)

Place of Meeting: 1300SMILES Ltd
105 Denham Street
TOWNSVILLE QLD 4810

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of shareholders of **1300SMILES Limited ACN 094 508 166 (Company)** will be held at 1300SMILES Ltd, 105 Denham Street, Townsville, Qld, 4810 on 27 November 2014 at 10.00am (Townsville time).

AGENDA

ORDINARY BUSINESS

1. Financial Statements and Reports

- 1.1 To receive and consider the Company's Annual Report comprising the Directors' and Auditor's Report, Directors' Declaration, Income Statements, Financial Position Statements, Statements of Changes in Equity, Cash Flow Statements and notes to and forming part of the accounts for the year ended 30 June 2014.

ORDINARY RESOLUTIONS

1. Re-election of Mr William Bass as a Director

Mr Bass retires by rotation in accordance with Article 13 of the Company's Constitution and, being eligible, offers himself for re-election.

"That Mr William Bass be re-elected as a Director of the Company".

2. Remuneration Report

To consider and, if thought fit, pass the following Advisory Resolution:

"That, the Remuneration Report for the year ended 30 June 2014 (as set out in the Directors Report) is adopted."

The Chairman intends to vote all undirected proxies in favour of the Remuneration Report, shareholders appointing the Chairman as their proxy but do not want their proxy vote cast in favour of the Remuneration Report you should mark the against or abstain box in respect of Resolution 2.

The vote on this Advisory Resolution is advisory only and does not bind the Directors of the Company.

GENERAL BUSINESS

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

BY ORDER OF THE BOARD

William Bass
Company Secretary
20 October 2014

NOTES

Appointment of proxy

A proxy form is enclosed for your use if required. Please see the instructions on the back of the form.

If you wish to appoint a proxy, to be effective, proxy forms must be received by the Company at its registered office or received by the share registry, no later than 10.00am (Townsville time) on Tuesday, 25 November 2014 (48 hours prior to the commencement of the meeting):

BY EMAIL: pa@1300SMILES.com.au

BY MAIL: 1300SMILES Limited, PO Box 5021, Townsville QLD 4810

BY FAX: (07) 4771 5217

IN PERSON: 1300SMILES Limited, Ground Floor, 105 Denham Street, Townsville QLD 4810

Online

Alternatively, you can submit your proxy online at Computershare's website www.investorvote.com.au and logging in using the control number found on the front of your accompanying proxy form, or scanning the QR code on the front of the accompanying proxy form with your mobile device and inserting your postcode.

Persons entitled to vote

Under regulation 7.11.37 of the Corporations Regulations 2001, the directors have determined that the shareholding of each member for the purposes of ascertaining their voting entitlements at the Annual General Meeting will be as it appears in the Company's register of members at 7.00pm (Townsville time) on 25 November 2014.

Corporate representatives

A member, that is a body corporate, may appoint an individual as its representative to exercise all or any of the powers the body corporate may exercise at the meeting. The appointment may be a standing one.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is provided to shareholders of **1300SMILES Limited ACN 094 508 166 (Company or 1300SMILES)** to explain the resolutions to be put to Shareholders at the Annual General Meeting to be held at 1300SMILES Ltd, 105 Denham Street, Townsville, QLD, 4817 on 27 November 2014 at 10.00am (Townsville time).

The Directors recommend shareholders read the accompanying Notice of Annual General Meeting (**Notice**) and this Explanatory Memorandum in full before making any decision in relation to the resolutions.

The Notice of Meeting sets out the details of two separate matters to be put to Shareholders comprising the following:

Ordinary Resolutions

1. Re-election of Mr William Bass as a Director;
2. To consider the Remuneration Report;

Specific comments relating to the Resolutions are set out below.

Resolution 1 – Re-election of Mr William Bass as a Director

Mr William Bass was appointed as a Director on 25 January 2007, and re-elected at the 2007, 2008, 2010 and 2012 Annual General Meetings. Mr Bass retires by rotation in accordance with Article 13 of the Company's Constitution and, being eligible, offers himself for re-election.

Mr Bass has considerable corporate and listed company experience. He brings extensive commercial and financial management experience from a range of leading Australian and international public companies including General Electric, Billabong, Country Road and OnCard International.

Mr Bass has a Bachelor of Economics; is an Associate of the Institute of Chartered Accountants, a Fellow of the Governance Institute of Australia and the Institute for Independent Business, a member of the Australian Institute of Company Directors and a Justice of the Peace.

Mr Bass is also a member of the Company's Remuneration and Nomination Committee.

The Directors recommend you vote in favour of the re-election of Mr Bass.

The Chairman intends to vote all undirected proxies in favour of the Re-election of Mr Bass. Shareholders appointing the Chairman as their proxy but who do not want their proxy vote cast in favour of the Re-election of Mr Bass should mark the against or abstain box in respect of Resolution 1.

Resolution 2 - Remuneration Report

The Board has submitted its Remuneration Report to Shareholders for consideration and adoption by way of a non-binding Advisory Resolution.

The Remuneration Report is set out in the Directors' Report section of the Annual Report. The Report:

- explains the Board's policy for determining the nature and amount of remuneration of executive directors and senior executives of the Company;
- explains the relationship between the Board's remuneration policy and the Company's performance;
- sets out remuneration details for each Director and the most highly remunerated senior executive of the Company; and
- details and explains any performance conditions applicable to the remuneration of executive directors and senior executives of the Company.

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

The vote of the members is advisory only and does not bind the Directors of the Company.

The remuneration report may be found in the annual financial report which has been sent to members who requested a copy. The report is also available on the Company's website at www.1300SMILES.com.au

Following consideration of the Remuneration Report, members will be given a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

The directors believe that the Company's remuneration policies and structures are appropriate relative to the size of the Company and its business.

The directors recommend that you vote in favour of this resolution.

The Chairman intends to vote all undirected proxies in favour of the Remuneration Report. Shareholders appointing the Chairman as their proxy but who do not want their proxy vote cast in favour of the Remuneration Report you should mark the against or abstain box in respect of Resolution 2.

Voting exclusion statement

A vote must not be cast (in any capacity) on resolution 2 by or on behalf of a member of 1300SMILES Limited key management personnel ("KMP"), details of whose remuneration is included in the Remuneration Report, or their closely related parties, whether as a shareholder or as a proxy. However a vote may be cast on resolution 2 by a KMP, or a closely related party of a KMP, if:

- it is cast as proxy for a person who is entitled to vote, and who has specified in writing how the proxy is to vote on resolution 2; or
- it is cast by the Chairman as a proxy for a person who is entitled to vote and the appointment expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of KMP; and
- the vote is not cast on behalf of a KMP or a closely related party of a KMP.



Lodge your vote:

Online:
www.investorvote.com.au

By Mail:
1300SMILES Limited
PO Box 5021
Townsville QLD 4810

By Fax:
(07) 4771 5217

By Email:
pa@1300SMILES.com.au

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

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

┌ 000001 000 ONT
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form



Vote and view the annual report online

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



Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I999999999

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

For your vote to be effective it must be received by 10:00am (Townsville time) Tuesday 25 November 2014

How to Vote on Items of Business

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

Appointment of Proxy

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

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

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

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

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

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

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

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

Attending the Meeting

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

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

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

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

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



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of 1300Smiles Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of 1300Smiles Limited to be held at 1300SMILES Ltd, 105 Denham Street, TOWNSVILLE QLD 4810 on Thursday, 27 November at 10:00am (Townsville time) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Item 2 (except where I/we have indicated a different voting intention below) even though Item 2 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Item 2 by marking the appropriate box in step 2 below.

STEP 2 Items of Business

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

	For	Against	Abstain
1 Re-election of Mr William Bass as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date / / _____

ONT

1 2 3 4 5 6 A

Computershare +