

RKS CONSOLIDATED LIMITED (to be renamed SkyFii Limited)

ACN 009 264 699

NOTICE OF 2014 ANNUAL GENERAL MEETING

TIME: 10.00am (AEDT)

DATE: Thursday, 27 November 2014

VENUE: Level 4, 95 Pitt Street, Sydney NSW 2000

THIS IS AN IMPORTANT DOCUMENT - If you are in any doubt as to how to act, you should consult your financial or legal adviser as soon as possible.

1 Notice of Annual General Meeting

This Notice of Meeting should be read in conjunction with the accompanying Explanatory Memorandum.

Notice is given that the 2014 Annual General Meeting of the Shareholders to which this Notice relates will be held at 10.00am (AEDT) on Thursday, 27 November 2014 at Level 4, 95 Pitt Street, Sydney NSW 2000.

1.1 Voting Eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those that are registered Shareholders at 10.00am (AEDT) on 25 November 2014.

1.2 Voting In Person

To vote in person, attend the Annual General Meeting at the time, date and place set out above.

1.3 Voting by Proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- (a) each member has a right to appoint a proxy;
- (b) the proxy need not be a member of the Company; and
- (c) a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2012 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Annual General Meeting. Broadly, the changes mean that:

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

Further details on these changes is set out below.

Proxy vote if appointment specifies way to vote

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

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

- (f) if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

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

- (g) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- (h) the appointed proxy is not the chair of the meeting; and
- (i) at the meeting, a poll is duly demanded on the resolution; and
- (j) either of the following applies:
 - (i) the proxy is not recorded as attending the meeting;
 - (ii) the proxy does not vote on the resolution,

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

Agenda

Annual Accounts

"To receive and consider the Annual Financial Report of the Company for the financial year ended 30 June 2014 together with Directors' Report, the Remuneration Report and the Auditors Report"

1 Remuneration Report

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

"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as set out in the Company's Annual Financial Report for the financial year ended 30 June 2014."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement: In accordance with the Corporations Act, the Company will disregard any votes cast on this resolution by Key Management Personnel and any Closely Related Party of any Key Management Personnel as those terms are defined in section 9 of the Corporations Act. However, the Company need not disregard a vote if:

- (a) it is cast by a person who is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (b) it is cast by the Chair of the meeting and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on the resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the company.

2 Re-election of Director – Mr Anthony Dunlop

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

"That, for the purposes of the Company's Constitution and for all other purposes, Mr Anthony Dunlop, who was appointed to the Board on 11 February 2014 and who retires in accordance with the Company's Constitution, and being eligible, offers himself for re-election."

3 Re-election of Director – Ms Suyin (Susan) Chi

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

"That, for the purposes of the Company's Constitution and for all other purposes, Ms Suyin (Susan) Chi, who was appointed to the Board on 18 April 2013 and who retires in accordance with the Company's Constitution, and being eligible, offers herself for re-election."

4 Approval of Issue of Shares to a Director - Mr Gary Flowers

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

“That, in accordance with the Company's Constitution, Listing Rule 10.11 and for all other purposes, the Company approves the issue of \$70,000 in shares to or as directed by Mr Gary Flowers, a proposed Director (and Chairman) of the Company, such shares to be issued under the terms of the Company's Replacement Prospectus dated and released to ASX on 15 October 2014 and otherwise on the terms contained in the Explanatory Statement.

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 4 (Issue of Shares to a Director) by Mr Flowers, or his nominee, and by an associate of Mr Flowers, or his nominee, excluded from voting as provided for in Australian Securities Exchange Listing Rule 14.11.

However, the Company need not disregard a 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.

5 Approval Issue of Shares to a Director – Mr Gary Flowers

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

“That, conditional on Completion of the Acquisition (as those terms are defined in the Company's Replacement Prospectus dated and released to ASX on 15 October 2014), in accordance with the Company's Constitution, Listing Rule 10.11 and for all other purposes, the Company approves the issue of \$20,000 in shares to or as directed by Mr Gary Flowers, a proposed Director (and Chairman) of the Company, such shares to be issued on the terms contained in the Explanatory Statement.

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 5 (Issue of Shares to a Director) by Mr Flowers, or his nominee, and by an associate of Mr Flowers, or his nominee, excluded from voting as provided for in Australian Securities Exchange Listing Rule 14.11.

However, the Company need not disregard a 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.
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6 Approval Issue of Shares to a Director – Mr Anthony Dunlop

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

“That, conditional on Completion of the Acquisition (as those terms are defined in the Company’s Replacement Prospectus dated and released to ASX on 15 October 2014), in accordance with the Company’s Constitution, Listing Rule 10.11 and for all other purposes, the Company approves the issue of \$50,000 in shares to or as directed by Mr Anthony Dunlop, a Director of the Company, such shares to be issued on the terms contained in the Explanatory Statement.

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 6 (Issue of Shares to a Director) by Mr Dunlop, or his nominee, and by an associate of Mr Dunlop, or his nominee, excluded from voting as provided for in Australian Securities Exchange Listing Rule 14.11.

However, the Company need not disregard a 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.

7 Approval Issue of Shares to a Director – Andrew Johnston

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

“ That, conditional on Completion of the Acquisition (as those terms are defined in the Company’s Replacement Prospectus dated and released to ASX on 15 October 2014), in accordance with the Company’s Constitution, Listing Rule 10.11 and for all other purposes, the Company approves the issue of \$50,000 in shares to or as directed by Mr Andrew Johnston, a proposed Director of the Company, such shares to be issued on the terms contained in the Explanatory Statement.

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 7 (Issue of Shares to a Director) by Mr Johnston, or his nominee, and by an associate of Mr Johnston, or his nominee, excluded from voting as provided for in Australian Securities Exchange Listing Rule 14.11.

However, the Company need not disregard a 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.

8 Approval Issue of Shares to a Director – James Scott

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

“That, conditional on Completion of the Acquisition (as those terms are defined in the Company’s Replacement Prospectus dated and released to ASX on 15 October 2014), in accordance with the Company’s Constitution, Listing Rule 10.11 and for all other purposes, the Company approves the issue of \$50,000 in shares to or as directed by Mr James Scott, a proposed Director of the Company, such shares to be issued on the terms contained in the Explanatory Statement.

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 8 (Issue of Shares to a Director) by Mr Scott, or his nominee, and by an associate of Mr Scott, or his nominee, excluded from voting as provided for in Australian Securities Exchange Listing Rule 14.11.

However, the Company need not disregard a 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.

9 Approval of Performance Rights Plan

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

“That, for the purposes of ASX Listing Rule 7.2 (exception 9(b)) and for all other purposes, approval is given for the Company to adopt the Performance Rights Plan (PR Plan) and for the issue of securities under the PR Plan, on the terms and conditions described in the Explanatory Memorandum”

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 9 by or on behalf of an employee or personnel of the Company (including Directors) (“employees”), or their closely related parties.

However, the Company need not disregard a vote cast by an employee or closely related party of the employee if:

- (a) it is cast by a person as proxy for a person who is permitted to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman of the Annual General Meeting as proxy for a person who is permitted to vote, where the Proxy Form does not specify the way the Chairman is to vote and which expressly authorises the Chairman to vote even though the resolution is connected directly or indirectly with the remuneration of a KMP and even though the Chairman of the Annual General Meeting is a member of KMP.

The Chairman of the Annual General Meeting intends to vote all available proxies in favour of Resolution 9.

10 Approval For Additional Placement Capacity

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

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

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 10 by a person (and any associates of such a person) who may participate in the 10% Placement Facility and a person who might obtain a benefit, except solely in the capacity of a holder of Shares, if this Resolution is passed.

However, the Company will not disregard a vote if:

- it is cast by a person as a proxy for a Shareholder who is entitled to vote, in accordance with the directions on the proxy form; or*
- if it is cast by the Chairman of the Meeting as proxy for a Shareholder who is entitled to vote, in accordance with the directions on the proxy form.*

General Business

To consider any other business that may be brought forward in accordance with the Constitution of the Company or the Corporation Act.

By Order of the Board



Peter Dykes
Director and Company Secretary
27 October 2014

Explanatory Memorandum

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the 2014 Annual General Meeting of Shareholders to be held 10.00am (AEDT) on Thursday, 27 November 2014 at Level 4, 95 Pitt Street, Sydney NSW 2000.

Annual Accounts

The Corporations Law requires that Shareholders view the Company's Annual Financial Report and reports of the Directors and Auditors each year. No resolution is required in respect of this agenda item.

The Company will not provide a hard copy of the Company's Annual Financial Report to Shareholders unless specifically requested to do so. The Company's Annual Financial Report is available on the ASX website at www.asx.com.au under the RKS code.

EXPLANATORY MEMORANDUM

Resolution 1 – Adoption of Remuneration Report

1.1 General

The Corporations Act requires that at a listed company's Annual General Meeting, a resolution that the Remuneration Report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

Under the Corporations Act, if at least 25% of the votes cast on this resolution are voted against adoption of the Remuneration Report at the 2014 Annual General Meeting, and then again at the Company's 2015 Annual General Meeting, the Company will be required to put to Shareholders a resolution proposing the calling of a general meeting to consider the appointment of Directors of the Company (**Spill Resolution**).

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the general meeting (**Spill Meeting**) within 90 days of the Company's 2015 Annual General Meeting. All of the Directors who were in office when the Company's 2015 Directors' Report was approved, other than the managing director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' Report contained in the Annual Financial Report of the Company for the financial year ending 30 June 2014.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the 2014 Annual General Meeting.

1.2 Proxy restrictions

Pursuant to the Corporations Act, if you elect to appoint the Chair, or another member of the Key Management Personnel whose remuneration details are included in the Remuneration Report or any Closely Related Party of that member as your proxy to vote on this Resolution, you must direct the proxy how they are to vote. Where you do not direct the Chair, or another member of Key Management Personnel whose remuneration details are included in the Remuneration Report or Closely Related Parties of that member on how to vote on this

Resolution, the proxy is prevented by the Corporations Act from exercising your vote and your vote will not be counted in relation to this Resolution.

1.3 Definitions

Closely Related Party of the Key Management Personnel means:

- (a) A spouse or child of the member;
- (b) A child of the member's spouse;
- (c) A dependent of the member or the member's spouse;
- (d) Anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) A company the member controls; or
- (f) A person prescribed by the *Corporations Regulations 2001* (Cth).

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Remuneration Report means the remuneration report set out in the Director's Report section of the Company's Annual Financial Report for the year ended 30 June 2014.

Resolution 2 – Re-election of Director – Mr Anthony Dunlop

The Company's Constitution allows the Directors to appoint at any time a person to be a Director as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified in the Company's Constitution.

Anthony Dunlop was appointed to the Board by the Directors on 11 February 2014. Any Director so appointed holds office only until the next following Annual General Meeting and is then eligible for re-election.

Mr Dunlop has 25 years of banking, finance and corporate experience in Australia, Hong Kong, New Zealand, China, South Africa and the USA. He has held senior roles with ABN Amro, Interlease Capital and Rentworks Ltd and has an extensive history advising ASX listed and private companies in relation to debt and equity capital markets, product development, wholesale funding and risk management. Mr Dunlop offers himself for re-election to the Board of Directors.

Resolution 3 – Re-election of Director – Ms Suyin (Susan) Chi

Ms Suyin (Susan) Chi was appointed to the Board by the Directors on 18 April 2013 and the full Board of the Company was put to Shareholders for re-appointment at the Company's 2013 Annual General Meeting. As a result, one of the Board (excluding Mr Dunlop, who seeks re-appointment as a casual appointment appointed since the last Annual General Meeting rather than by rotation), must seek reappointment at this 2014 Annual General Meeting. It is proposed that Ms Chi seek reappointment as Director of the Company.

Ms Chi is the founder and principal of Jiaren Investment a Chinese backed boutique investment house focused on recapitalising undervalued companies listed on the ASX. She has a significant investor network both in Australia and overseas. Jiaren Investment holds an Australian Financial Services Licence Holder and has in excess of 11 years financial services experience and more than six years in advising and dealing in capital raising, corporate advisory, mergers and acquisition, financial planning and funds management transactions.

Resolution 4 – Approval of Issue of Shares to a Director – Mr Gary Flowers

The Company has issued (and released to ASX) a Replacement Prospectus dated 15 October 2014, which encapsulates a range of transactions required to acquire a business known as SkyFii. The transactions include the acquisition of that business by the Company and completion of a capital raising by way of issue of Company shares. On Completion of the Acquisition (as those terms are defined in the Replacement Prospectus), it is proposed that Mr Gary Flowers be appointed to the Board of Directors of the Company (and to become Chairman of the Board).

Mr Flowers wishes to participate in the public offer of Shares subject of the Replacement Prospectus dated 15 October 2014 (the Offer) by subscribing under the terms of the Offer for \$70,000 in Shares. Mr Flowers' proposed participation in the Offer must first be approved by Shareholders of the Company. The following information is provided in accordance with Listing Rule 10.11:

- The maximum number of Shares to be issued to or as directed by Mr Flowers is 350,000, being \$70,000 / the Offer Share price of \$0.20.
- The issue price per Offer Share is A\$0.20;
- The Shares will be issued and allotted within one month of shareholder approval, being on or before 27 December 2014; but otherwise in accordance with the terms of the Offer, and
- \$70,000 will be raised by the Company as a result of the issue of Shares to or as directed by Mr Flowers, and these funds will be expended in accordance with the Replacement Prospectus dated 15 October 2014.

As provided in Exception 14 to Listing Rule 7.2, if shareholder approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1. The Shares are subject to the terms set out in the Replacement Prospectus dated 15 October 2014.

Resolution 5 - 8 – Approval of Issue of Shares to a Director – Various Parties

The Company has issued (and released to ASX) a Replacement Prospectus dated 15 October 2014, which encapsulates a range of transactions required to acquire a business known as SkyFii. The transactions include the acquisition of that business by the Company and completion of a capital raising by way of issue of Company shares. On Completion of the Acquisition (as those terms are defined in the Replacement Prospectus), it is proposed that;

- Mr Gary Flowers be appointed Director (and Chairman) of the Company,
- Mr Anthony Dunlop, a current Director of the Company, remain a Director of the Company, and that;
- Messrs Andrew Johnston, James Scott and Chris Taylor be appointed Non-Executive Directors of the Company.

The proposed Annual Remuneration of each of the Directors referred to above is set out in the table below.

Name	Role	Annual Remuneration	Proposed Equity Component
Gary Flowers	Non Executive	\$80,000	\$20,000

	Chairman		
Anthony Dunlop	Non Executive Director	\$50,000	\$50,000
Andrew Johnston	Non Executive Director	\$50,000	\$50,000
James Scott	Non Executive Director	\$50,000	\$50,000
Chris Taylor	Non Executive Director	\$50,000	Nil

The right hand column in the table above sets out that dollar amount of each proposed Director's Annual Remuneration which is proposed to be paid in Company Shares, rather than in cash. Shareholder approval is required to issue Shares to Directors of the Company and accordingly, pursuant to and in accordance with ASX Listing Rule 10.13 the following information is provided in relation to Resolutions 5 to 9:

- The maximum number of Shares to be issued is 850,000;
- The Shares will be issued at an issue price of \$0.20;
- The Shares will be issued and allotted within one month of shareholder approval being on or before 27 December 2014; and
- No funds will be raised from the issue of the Shares however issue of the Shares reduces the (cash) payment to be made to Directors as set out above (in effect, reducing the Company's cash outflows for the forthcoming year by \$170,000).

As provided in Exception 14 to Listing Rule 7.2, if shareholder approval is given under Listing Rule 10.11 approval is not required under Listing Rule 7.1. The Shares will rank equally with Shares issued under the terms of the Offer set out in the Company's Replacement Prospectus dated 15 October 2014.

Resolution 9 – Approval of Performance Rights Plan

The Company proposes to adopt an employee and officer incentive plan known as the RKS Performance Rights Plan (to be renamed the SkyFii Performance Rights Plan)).

It is contemplated that the PR Plan will involve the issue of performance rights (Rights) which are exercisable subject to their vesting conditions (Vesting Conditions) being met, and upon such exercise will result in the issue or transfer of Shares to the relevant participant. The Company does not have any current intention to issue any Rights under the PR Plan.

(a) Summary of the PR Plan

It is contemplated that the PR Plan will involve the issue of performance rights (Rights) which, once exercised, will result in the issue or transfer of Shares to the relevant participant.

The Board may determine, from time to time, which directors, senior management and consultants of the Company and their related bodies corporate are eligible to participate in the PR Plan, and the exercise price and other terms of the issue of Rights. Participation in the PR Plan is voluntary. The Rights granted are non-transferrable, except with the prior approval of the Board.

All Rights are granted at a nil issue price unless otherwise determined by the Board and each Right enables the holder to be issued one Share upon exercise, subject to the rules governing the PR Plan (Plan Rules).

The Rights may be exercised, subject to the satisfaction of any exercise conditions imposed by the Board, in accordance with the date determined by the Board. The Board may determine that the Rights are exercisable, regardless of whether the applicable exercise conditions have been satisfied, if

an event occurs whereby a person who previously did not have control of the Company acquires control of the Company. A person may acquire control of the Company if that person acquires 50% or more of the issued Shares in the Company.

Rights holders are not permitted to participate in new issues of securities by the Company, as related to those Rights held, but adjustments are to be made to the number of Shares over which the Rights are granted or the exercise price to take into account changes in the capital structure of the Company that occur by way of pro rata and bonus issues.

A participant may retain their existing Rights, subject always to the terms and conditions of the PR Plan, if the participant ceases employment or office with the Company (or a member of the Company's corporate group) in circumstances where the participant is a "Good Leaver". A participant will be a Good Leaver if they cease employment or office due to redundancy, retirement, death, permanent incapacity or any other circumstances determined by the Board.

If a participant becomes a "Bad Leaver", then all Rights held by that participant will automatically lapse, unless the Board determines otherwise. A participant will be a Bad Leaver if the participant commits a fraudulent or other dishonest act, or the participant ceases to be employed by or hold office with the Company (or a member of the Company's corporate group) in circumstances where they are not a Good Leaver (including where they have engaged in serious misconduct or a material breach of their employment contract).

As at the date of this Notice of Meeting, no Rights have been issued by the Company and there is no current intention to issue any Rights. The number of Rights issued under the PR Plan will not exceed 5% of the issued capital of the Company (on a fully diluted basis).

(b) Reason for the PR Plan

The issuing of performance rights is a recognised practice in Australia as part of the remuneration of employees (including senior executives) and consultants to the Company. Issuing performance-based rights is considered a preferable alternative to cash payments as the recipient benefits if the value of the Company increases – in which case all Shareholders also benefit.

A full copy of the PR Plan can be viewed at the Company's Registered Office on request.

Resolution 10 – Approval for Additional Placement Capacity

General

Listing Rule 7.1A enables eligible entities to issue 'Equity Securities' up to 10% of their issued share capital through placements over a 12 month period after the Annual General Meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity. The Company is now seeking shareholder approval by way of a **special resolution** to have the ability to issue Equity Securities under the 10% Placement Facility. The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer below). The Company may use the 10% Placement Facility to

acquire new business assets or investments, accelerate development and marketing plans and/or for working capital.

Description of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an Annual General Meeting.

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company. The Company, as at the date of the Notice, has only one class of Equity Securities, being Ordinary Shares. No issue may take place under the Placement Facility until the Ordinary Shares are re-quoted and trading on ASX under the terms of the Company's Replacement Prospectus dated and released on 15 October 2014.

(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an Annual General Meeting may issue or agree to issue, during the 12 month period after the date of the Annual General Meeting, a number of Equity Securities calculated in accordance with the following formula:

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

A is the number of shares on issue 12 months before the date of issue or agreement.

(A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2.

(B) plus the number of partly paid shares that became fully paid in the 12 months;

(C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;

(D) less the number of fully paid shares cancelled in the 12 months.

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

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue (or since the date of quotation if less than 12 months) that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

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

(e) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the Volume Weighted Average Price (VWAP) of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) 10% Placement Period

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

- (i) the date that is 12 months after the date of the Annual General Meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX (**10% Placement Period**).

Listing Rule 7.1A

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

Resolution 10 is a **special resolution** and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

Specific information required by Listing Rule 7.3A

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

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(b) If Resolution 10 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. There is a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset or for services delivered to the Company,

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

The below table shows the potential dilution of existing Shareholders on the basis of the issue price of Shares and the number of Shares anticipated to be on issue by the Company, in both cases based on the Company's Replacement Prospectus dated and released on 15 October 2014. "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company is anticipated to have on issue based on the Company's Replacement Prospectus dated and released on 15 October 2014. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the issue price of the securities based on the Company's Replacement Prospectus dated and released on 15 October 2014.

Variable 'A' in Listing Rule 7.1A.2 (for the purposes of this table this figure is the shares anticipated to be on issue under the terms of the Replacement Prospectus dated 15 October 2014)		Dilution \$0.10 50% decrease in Issue Price under Replacement Prospectus dated 15 October 2014	Dilution \$0.20 Issue Price under Replacement Prospectus dated 15 October 2014	Dilution \$0.40 100% increase in Issue Price under Replacement Prospectus dated 15 October 2014
Current Variable 'A' 100,000,337 Shares	10% voting dilution	10,000,034 Shares	10,000,034 Shares	10,000,034 Shares
	Funds raised	\$1,000,003	\$2,000,007	\$4,000,014
50% increase in current Variable 'A' 150,000,506	10% voting dilution	15,000,051 Shares	15,000,051 Shares	15,000,051 Shares
	Funds raised	\$1,500,005	\$3,000,010	\$6,000,020

100% increase in current Variable 'A' 200,000,674	10% voting dilution	20,000,067 Shares	20,000,067 Shares	20,000,067 Shares
	Funds raised	\$2,000,007	\$4,000,013	\$8,000,027

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
 - (ii) No Options are exercised into Shares before the date of the issue of the Equity Securities;
 - (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
 - (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
 - (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
 - (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares.
 - (vii) The issue price is \$0.20, being the issue price under the Company's Replacement Prospectus dated 15 October 2014.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 10 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) non-cash consideration for the acquisition business assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
 - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new business assets or investments (including expense associated with such acquisition) and/or general working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- a. the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- b. the effect of the issue of the Equity Securities on the control of the Company;
- c. the financial situation and solvency of the Company; and
- d. advice from corporate, financial and broking advisers (if applicable).

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

The Company's Replacement Prospectus dated and released on 15 October 2014 provides extensive detail regarding the status of the Company, its business plan moving forward and its share capital structure.

A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.