



SKYFII LIMITED

ACN 009 264 699

NOTICE OF 2019 ANNUAL GENERAL MEETING

TIME: 10.30am (AEDT)

DATE: Tuesday, 12 November 2019

VENUE: Level 40, 2 Park St, SYDNEY NSW 2000

Notice of Annual General Meeting

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

Notice is given that the 2019 Annual General Meeting of the shareholders of Skyfii Limited to which this Notice relates will be held at 10:30am (AEDT) on Tuesday, 12 November 2019 at Level 40, 2 Park St, 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 2019 Annual General Meeting are those that are registered shareholders at 7.00pm (AEDT) on 8th November 2019.

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 are set out below.

Proxy vote if appointment specifies way to vote

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

- (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

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 2019."

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

Voting Exclusion Statement:

In accordance with the Corporations Act, the Company will disregard any votes cast in favour 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 a Director – Mr Andrew Johnson

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 Andrew Johnson, who retires in accordance with the Company's Constitution, and being eligible, is re-elected as a Non-Executive Director."

3 Re-election of a Director – Mr Lincoln Brown

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 Lincoln Brown, who retires in accordance with the Company's Constitution, and being eligible, is re-elected as a Non-Executive Director."

4 Approval of Issue of Shares to a Director – Mr Andrew Johnson

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 up to \$60,000 in shares to or as directed by Mr

Andrew Johnson, 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 in favour on Resolution 4 (Issue of Shares to a Director) by Mr Johnson, or his nominee, and by an associate of Mr Johnson, 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 of Issue of Shares to a Director – Mr Lincoln Brown

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 up to \$60,000 in shares to or as directed by Mr Lincoln Brown, 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 in favour on Resolution 5 (Issue of Shares to a Director) by Mr Brown, or his nominee, and by an associate of Mr Brown, 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.

6 Approval of Issue of Shares to a Director – Ms Susan O’Malley

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 up to \$60,000 in shares to or as directed by Ms Susan O’Malley, 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 in favour on Resolution 6 (Issue of Shares to a Director) by Ms O’Malley, or her nominee, and by an associate of Ms O’Malley, or her 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 of Issue of Shares to a Director – Mr Jon Adgemis

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 up to \$60,000 in shares to or as directed by Mr Jon Adgemis, 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 in favour on Resolution 7 (Issue of Shares to a Director) by Mr Adgemis, or his nominee, and by an associate of Mr Adgemis, 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 of Issue of Options to a Related Party – Jagafii Pty Ltd

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

“That, in accordance with the Company’s Constitution, Listing Rule 10.11 and for all other purposes, the Company approves the issue of up to 3,333,333 options and up to approximately 1,300,000 ordinary SKF shares to or as directed by Mr Jon Adgemis, a Director of the Company, such options to be issued on the terms contained in the Explanatory Statement.

Voting Exclusion Statement:

The Company will disregard any votes cast in favour on Resolution 8 (Issue of Options to a Director) by Mr Adgemis, or his nominee, and by an associate of Mr Adgemis, 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 grant of options to Director – Wayne Arthur

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

*“That, for the purposes of ASX Listing Rules 10.14 and for all other purposes, approval be given to grant to Mr Wayne Arthur, currently the Chief Executive Officer and Executive Director (**Mr Arthur**), options in respect of up to 5,000,000 shares for the 2020 financial year in accordance with the rules of the EOP and on the terms and conditions in the Explanatory Memorandum”*

Voting Exclusion Statement:

The Company will disregard any votes cast in favour on Resolution 9 by Mr Arthur, being the only director eligible to participate in the Executive Option Plan (EOP), or any associates of such Mr Arthur.

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 to vote as the proxy decides.

10 Approval of Additional Placement Capacity

To consider, and if thought fit, to pass with or without amendment, the following resolution as a **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 to vote as the proxy decides.

Explanatory Memorandum

This Explanatory Memorandum has been prepared for the information of shareholders in connection with the Annual General Meeting of shareholders to be held at 10:30am (AEDT) on Tuesday, 12th November 2019 at Level 40, 2 Park St SYDNEY NSW 2000.

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. 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 2019 Annual General Meeting, and then again at the Company's 2020 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 2020 Annual General Meeting. All of the Directors who were in office when the Company's 2020 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 2019.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the 2019 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 2019.

Resolutions 2 – Re-election of a Director – Mr Andrew Johnson

The Board currently comprises Mr Andrew Johnson (Chairman), Mr Wayne Arthur (Managing Director and CEO), Mr Lincoln Brown (Non-executive Director), Ms Susan O'Malley (Non-executive Director) and Mr Jon Adgemis (Non-executive Director).

Mr Arthur, as Managing Director of the Company, is excluded from the normal rotation and re-election of Director process.

As a result, Mr Andrew Johnson retires by rotation and is eligible for re-election.

Mr Johnson's personal details are provided in the Company's 2019 Annual Report, which was released to ASX on 30 August 2019 and is available on the Company's website at <http://www.skyfii.com>.

Resolution 3 – Election of a Director – Mr Lincoln Brown

The Board currently comprises Mr Andrew Johnson (Chairman), Mr Wayne Arthur (Managing Director and CEO), Mr Lincoln Brown (Non-executive Director), Ms Susan O'Malley (Non-executive Director) and Mr Jon Adgemis (Non-executive Director).

Mr Arthur, as Managing Director of the Company, is excluded from the normal rotation and re-election of Director process.

As a result, Mr Lincoln Brown retires by rotation and is eligible for re-election.

Mr Brown's personal details are provided in the Company's 2019 Annual Report, which was released to ASX on 30 August 2019 and is available on the Company's website at <http://www.skyfii.com>.

Resolutions 4, 5, 6 and 7 – Approval of Issue of Shares to Directors – Mr Andrew Johnson, Mr Lincoln Brown, Ms Susan O'Malley and Mr Jon Adgemis

The annual remuneration for Mr Andrew Johnson, Mr Lincoln Brown, Ms Susan O'Malley and Mr Jon Adgemis was set at \$60,000 for the 2019 calendar year. This process was undertaken at the time in order to preserve the Company's cash balance for operational expenditure.

In accordance with ASX Listing Rule 10.13 the following information is provided in relation to Resolutions 4,5,6 and 7:

- The maximum number of Shares to be issued is \$240,000 divided by the volume weighted average price of shares trading on the ASX immediately prior to the issue dates as set out in the table immediately below. The table below shows the number of shares that would be issued at various prices.

Non - Executive Directors	At 15 cents per share	At 20 cents per share	At 25 cents per share
Mr Andrew Johnson	400,000	300,000	240,000
Mr Lincoln Brown	400,000	300,000	240,000
Ms Susan O'Malley	400,000	300,000	240,000
Mr Jon Adgemis	400,000	300,000	240,000
Total Shares to be issued	1,600,000	1,200,000	960,000

- The Shares will be issued at an issue price equivalent to either the 15-trading day volume weighted average price of shares trading on the ASX immediately prior to the issue date or a 15 cents per share floor price (whichever is the higher) (refer preceding table);

- The Shares will be issued and allotted no later than 12th December 2019 (being the date which is one month subsequent to the shareholder meeting); 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 \$240,000).

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 the Company's fully paid ordinary shares coded and trading as 'SKF'.

Resolution 8 – Approval of Issue of Options to Related Party – Jagafii Pty Ltd

Resolutions 8 seek shareholder approval of the options and shares to a related party Jagafii Pty Ltd for a loan and option agreement as announced to the ASX on 14 May 2019.

Key terms of the loan facilities are:

- A facility limit amongst Lenders of \$2,000,000 of which \$700,000 is Jagafii's portion;
- Initial term of 2 years, maturing 31 May 2021, with an option to extend for an additional year to 31 May 2022, with the extension conditional upon maintaining a positive Operating EBITDA position in FY2020 and 1HFY2021;
- Skyfii will be charged an annual line fee of 2% plus an interest rate of 8% per annum on drawn amounts (accruing daily), with interest and line fees payable quarterly;
- The Lenders, at their option, may elect to receive line fees and interest in ordinary SKF shares at an issue price of \$0.16 per share;
- In addition, the Lenders will receive 9,523,808 options of which 3,333,333 is Jagafii's portion for an equivalent number of new ordinary SKF shares at a premium exercise price of \$0.21 per share, which are exercisable until 1 February 2022 and which, if fully exercised, would result in a further cash inflow of up to \$2 million to Skyfii;
- The Company has the discretion to drawdown and repay (whether fully or partly) with notice at any time prior to maturity without incurring any additional fees;
- The loan facility is unsecured and the Company has provided the lender with a negative pledge from encumbering any of its assets or property (excluding equipment leases).

In accordance with ASX Listing Rule 10.13 the following information is provided in relation to Resolutions 8:

- The maximum number of Options to be issued to Jagafii Pty Ltd is 3,333,333 and up to 1,300,000 ordinary SKF shares for the payment of line fees and interest payments under the loan facility agreement. The maximum number of Shares that would be issued, in the event of exercise of all of the Options and Shares is 4,633,333. In the event that all of the Options are issued, \$700,000 working capital will be raised by the Company.
- The Options have been issued for nil consideration and will be unquoted. Any shares issued on exercise of the Options will rank equally with the Company's fully paid ordinary shares coded and trading as 'SKF'.
- The Options will be issued and allotted no later than 12 December 2019 (being the date which is one month subsequent to the shareholder meeting); and

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.

Resolution 9 – Approval of grant of options to Director – Wayne Arthur

The Non-Executive Directors are of the view that it is appropriate that the Company's Chief Executive Officer and Executive Director, Mr Wayne Arthur be entitled to be granted EOP Options under the EOP (formerly approved at the 2018 AGM). The Non-Executive Directors consider that the grant of the EOP Options is an important element of the Company's remuneration strategy for the CEO, having regard to the circumstances of the Company, the duties and responsibilities of Mr Arthur and market levels of remuneration for executives in his position in similar sized companies.

Terms of the Employee Option Plan

EOP Options provide an opportunity to acquire EOP Shares subject to the payment of the exercise price set at the time of the grant of the EOP Options (**Exercise Price**) and EOP Participants can continue to hold the EOP Options after they have vested.

EOP Options will vest upon notification by the Company that the EOP Options have vested and the Company.

EOP Options enable the participant to gain the benefit of any excess of the Share price over the Exercise Price paid. In the event the Share price is equal to or below the Exercise Price, the EOP Options would be of no value.

In order for the EOP Options to vest, the Vesting Conditions set out in the invitation, or otherwise determined by the Board, for the grant of the EOP Options must have been satisfied. In addition, at the time of vesting, a participant must not have engaged in serious and wilful misconduct, wilful disobedience, gross negligence or incompetence, insubordination, disqualification under Part 2D.6 of the *Corporations Act 2001* (Cth), a serious breach of an employment agreement and behaviour which damages the business or reputation of the Company (**Proscribed Conduct**)

If the participant engages in Proscribed Conduct, then the EOP Options will be forfeited.

The EOP Options will not be quoted nor will they carry an entitlement to dividends or a right to vote at General Meetings of the Company.

The invitation to participate in the EOP will specify the number of EOP Options to be granted. If Vesting Conditions are not met, then unvested EOP Options will be forfeited. If the relevant targets are achieved the EOP Options will vest and may be exercised, by payment of the Exercise Price. This can be done at any time up to ten years after the grant of the EOP Options.

Information required by ASX Listing Rules

The Company provides the following additional information for the purposes of ASX Listing Rule 10.15:

- Mr Arthur is a director of the Company.
- The maximum number of securities that may be acquired by Mr Arthur under this approval is 5,000,000 Options. Each EOP Option, on vesting, entitles Mr Arthur to receive one Share.
- No issue price is payable by Mr Arthur for the grant of the EOP Options to him. The exercise price payable to exercise the EOP Options will be set at the time of the grant of the EOP Options.
- As the EOP has not yet been adopted, no securities have currently been issued under the EOP.
- Approval under ASX Listing Rule 10.14 has previously been sought for the issue of securities to Mr Arthur under the Company's Employee Share Plan (**ESP**). Since the last shareholder approval, 3,075,000 ESP Shares have been issued to Mr Arthur under the ESP.
- Other senior managers, who are not directors, of the Company are also entitled to participate in the EOP if invited by the Board. Any additional directors (or their associates) who become entitled to participate in the EOP after the resolution was approved and who were not named in the notice of meeting will not participate until approval is obtained under Rule 10.14 of the ASX Listing Rules.
- A voting exclusion statement for Resolution 9 is contained on page 6.
- No loan has been or will be advanced by the Company in relation to the acquisition of securities the subject of Resolution 9.
- If Resolution 9 is passed, the EOP Options will be granted to Mr Arthur no later than 12 months after the date of approval.

Resolution 10 – Approval for Additional Placement Capacity

1.1 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. Skyfii is an eligible entity and 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). Skyfii may use the 10% Placement Facility to raise working capital, acquire new business assets or investments or accelerate development and marketing plans.

1.2 Description of Listing Rule 7.1A

(a) Shareholder approval

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

(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. As at the date of the Notice, Skyfii has only one class of Equity Securities, being Ordinary Shares.

(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:

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

Where:

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;

(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 on which trades were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 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**).

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) on the resolution.

1.3 Specific information required by Listing Rule 7.3A

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

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades were recorded immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 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 Annual General 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 of the Company issues shares pursuant to the 10% Placement Facility. The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of Equity Securities the Company has on issue. The number of Equity Securities on issue may increase as a result of issues of Equity 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 Equity Securities has decreased by 50% and increased by 100% as against the issue price of the Equity Securities at the date of this Notice of Meeting.

Variable 'A' in Listing Rule 7.1A.2		Dilution	Dilution	Dilution
		\$0.075 50% decrease in Issue Price	\$0.15 Issue Price	\$0.30 100% increase in Issue Price
Current Variable 'A' 307,290,432 Shares	10% voting dilution	30,729,043 shares	30,729,043 shares	30,729,043 shares
	Funds raised	\$2,304,678	\$4,609,356	\$9,218,713
50% increase in current Variable 'A' 460,935,648 Shares	10% voting dilution	46,093,565 shares	46,093,565 shares	46,093,565 shares
	Funds raised	\$3,457,017	\$6,914,035	\$13,828,070
100% increase in current Variable 'A' 614,580,864 Shares	10% voting dilution	61,458,086 shares	61,458,086 shares	61,458,086 shares
	Funds raised	\$4,609,356	\$9,218,713	\$18,437,426

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 notional issue price is \$0.15.
- (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 for general working capital, towards an acquisition of new business assets or investments (including expense associated with such acquisition) and/or acceleration of development and marketing plans.

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 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 issues or other issues 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.

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.

The following information is provided for the purposes of Listing Rule 7.3A.6.

Equity securities issued in prior 12 month period	31,664,143
Percentage previous issues represent of total number of equity securities on issue at commencement of 12 month period	11.4%

Equity securities issued in prior 12 month period	28/012/2018 - Issue 1,428,572 FPO shares (in lieu of Directors Fees) Refer 3B released 28122018, all nil cash consideration 28/12/2018 - Issue 7,500,000 ESP shares (certain eligible employees), all nil cash consideration 28/12/2018 - Issue 16,943,289 EOP options (certain eligible employees), all nil cash consideration 21/01/2019 - Issue 1,892,282 EOP options (certain eligible employees), all nil cash consideration 03/04/2019 – Issue 1,365,000 Conversion of Directors Options to FPO shares, total \$170,625 cash consideration 18/04/2019 - Issue 2,535,000 Conversion of Directors Options to FPO shares, total \$316,875 cash consideration
Date of issue:	Refer above
Number issued:	Refer above

Class/Type of equity security:	Refer above
Summary of terms:	Refer above
Names of persons who received securities or basis on which those persons was determined:	28/012/2018 - Directors Fees and Eligible Employees
Names of persons who received securities or basis on which those persons was determined (cont'd)	21/01/2019 – Eligible Employees
	03/04/2019 – Director Mr Andrew Johnson
	18/04/2019 – Former Director Mr James Scott
Price:	28/012/2018 - 1,428,572 FPO @\$0.147
	28/12/2018 - 7,500,000 ESP shares@ \$0.149
	28/12/2018 - 16,943,289 EOP options @\$0.149
	21/01/2019 - 1,892,282 EOP options @\$0.149
	03/04/2019 – 1,365,000 Total made up of 455,000 @ \$0.10, 455,000 @ \$0.125 and 455,000 @ \$0.15
	18/04/2019 - 2,535,000 Total made up of 845,000 @ \$0.10, 845,000 @ \$0.125 and 845,000 @ \$0.15
Discount to market price (if any):	NA
For cash issues	
Total cash consideration received:	\$316,875
Amount of cash consideration spent:	\$316,875
Use of cash consideration:	Additional funding for the Skyfii business model
Intended use for remaining amount of cash (if any):	NA
For non-cash issues	
Non-cash consideration paid:	N/A
Current value of that non-cash consideration:	N/A



All Correspondence to:

- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia
- 📠 **By Fax:** +61 2 9290 9655
- 💻 **Online:** www.boardroomlimited.com.au
- ☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10:30am (AEDT) on Sunday, 10 November 2019.**

🖥 TO VOTE ONLINE

STEP 1: VISIT <https://www.votingonline.com.au/skfagm2019>

STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)

STEP 3: Enter your Voting Access Code (VAC):

📱 BY SMARTPHONE



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

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

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **10:30am (AEDT) Sunday, 10 November 2019.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

- 🖥 **Online** <https://www.votingonline.com.au/skfagm2019>
- 📠 **By Fax** + 61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia
- 👤 **In Person** Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

☐

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

Please note, you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Skyfii Limited** (Company) and entitled to attend and vote hereby appoint:

☐

the **Chair of the Meeting** (mark box)

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at **Level 40, 2 Park St, Sydney NSW 2000 on Tuesday, 12 November 2019 at 10:30am (AEDT)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 1 & 4-9 (inclusive), I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions even though Resolutions 1 & 4-9 (inclusive) are connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolutions 1 & 4-9 (inclusive)). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	To Adopt the Remuneration Report	☐	☐	☐
Resolution 2	Re-election of a Director – Mr Andrew Johnson	☐	☐	☐
Resolution 3	Re-election of a Director – Mr Lincoln Brown	☐	☐	☐
Resolution 4	Approval of Issue of Shares to a Director- Mr Andrew Johnson	☐	☐	☐
Resolution 5	Approval of Issue of Shares to a Director – Mr Lincoln Brown	☐	☐	☐
Resolution 6	Approval of Issue of Shares to a Director – Ms Susan O'Malley	☐	☐	☐
Resolution 7	Approval of Issue of Shares to a Director – Mr Jon Adgemis	☐	☐	☐
Resolution 8	Approval of Issue of Options to a Related Party – Jagafii Pty Ltd	☐	☐	☐
Resolution 9	Approval of grant of options to Director – Wayne Arthur	☐	☐	☐
Resolution 10	Approval of Additional Placement Capacity	☐	☐	☐

STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2019