



**READCLOUD LIMITED**  
**ACN 136 815 891**

# **Notice of Annual General Meeting**

## **Explanatory Statement and Proxy Form**

Date of Meeting:  
**Tuesday, 10 November 2020**

Time of Meeting:  
**11.00am (Melbourne time)**

Due to the ongoing COVID-19 pandemic, the meeting will be held virtually via a webinar conferencing facility. If you are a shareholder who wishes to attend and participate in the virtual meeting, please register in advance as per the instructions outlined in this Notice of Meeting. Shareholders are strongly encouraged to lodge their completed proxy forms in accordance with the instructions in this Notice of Meeting.

Following recent modifications brought to the Corporations Act 2001 and the Corporations Regulations 2001 under the Corporations (Coronavirus Economic Response) Determination (no.1) 2020, **no hard copy** of the Notice of Annual General Meeting and Explanatory Memorandum will be circulated. A Notice of Access and Proxy Form will be delivered by mail providing instruction on how to vote and attend the meeting. The Notice of Meeting has been given to those entitled to receive it by use of one or more technologies. The Notice of Meeting is also available on the Australian Stock Exchange Announcement platform and on the Company's website <https://readcloud.com/>

*This Notice of Annual General Meeting and Explanatory Statement should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional advisor without delay*

# READCLOUD LIMITED

ACN 136 815 891

Registered office: 284 Bay Street, Brighton, Victoria, 3186

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of ReadCloud Limited (the "Company") will be held virtually via a webinar conferencing facility at 11.00am (AEDT) on Tuesday, 10 November 2020 ("AGM" or "Meeting").

The health and safety of shareholders and personnel, and other stakeholders, is the highest priority and the Company is acutely aware of the current circumstances resulting from COVID-19. While the COVID-19 situation remains volatile and uncertain, based on the best information available to the Board at the time of the Notice, the Company intends to conduct a poll on the resolutions in the Notice using the proxies filed prior to the Meeting.

Shareholders are strongly encouraged to submit their proxies as early as possible and in any event prior to the cut-off for proxy voting as set out in the Notice. To lodge your proxy, please follow the directions on your personalised proxy form which will be delivered to you by email or post (depending on your communication preferences).

Shareholders attending the AGM will be able to ask questions and the Company has now made provision for Shareholders who register their attendance before the start of the meeting to also cast their votes on the proposed resolutions at the AGM. The virtual meeting can be attended using the following details:

**When:** Tuesday, 10 November 2020 at 11.00am (AEDT)

**Topic:** RCL Annual General Meeting

**Register in advance for this webinar:**

[https://us02web.zoom.us/webinar/register/WN\\_vQRuqyGNRkqBifqgZo7LIA](https://us02web.zoom.us/webinar/register/WN_vQRuqyGNRkqBifqgZo7LIA)

After registering, you will receive a confirmation email containing information about joining the meeting. The Company strongly recommends its shareholders to lodge a directed proxy as soon as possible in advance of the meeting even if they are planning to attend the meeting online.

The Company is happy to accept and answer questions submitted prior to the meeting by email to [luke@readcloud.com](mailto:luke@readcloud.com). Where a written question is raised in respect of the key management personnel of the Company or the resolutions to be considered at the Meeting, the Company will address the relevant question during the course of the Meeting or by written response after the Meeting (subject to the discretion of the Company not to respond to unreasonable and/or offensive questions). If the situation in relation to COVID-19 were to change in a way that affected the position above, the Company will provide a further update ahead of the Meeting by releasing an announcement to ASX.

Any shareholders who wish to attend the AGM online should therefore monitor the Company's website and its ASX announcements for any updates about the AGM. If it becomes necessary or appropriate to make alternative arrangements for the holding or conducting of the AGM, the Company will make further information available through the ASX website at [asx.com.au](http://asx.com.au) (ASX: RCL) and on its website at <https://readcloud.com/>

# AGENDA

The Explanatory Statement and proxy form which accompany and form part of this Notice, includes defined terms and describe in more detail the matters to be considered. Please consider this Notice, the Explanatory Statement and the proxy form in their entirety.

## ORDINARY BUSINESS

### Receipt and consideration of Accounts & Reports

To receive and consider the financial report of the Company and the related reports of the Directors (including the Remuneration Report) and auditors for the year ended 30 June 2020.

*Note: Except for as set out in Resolution 1, there is no requirement for shareholders to approve these reports. Accordingly, no resolution will be put to shareholders on this item of business.*

### Resolution 1: Adoption of Remuneration Report

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

*"That for the purpose of Section 250R(2) of the Corporations Act, the Remuneration Report (included in the Directors' Report) for the financial year ended 30 June 2020 be adopted as described in the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting."*

*A voting exclusion statement as set out below in this Notice applies to this Resolution.*

### Resolution 2: Election of Mr Cristiano Nicolli as a Director of the Company

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

*'That, Mr Cristiano Nicolli, who was appointed as an addition to the Board since the last Annual General Meeting of the Company and who retires pursuant to Listing Rule 14.4 and Clause 15.6 of the Company's Constitution, be elected as a Director of the Company as described in the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting.'*

### Resolution 3: Re-election of Mr Guy Mendelson as a Director of the Company

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

*"That Mr Guy Mendelson, who retires by rotation pursuant to Listing Rule 14.4 and Clause 15.4 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company as described in the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting."*

### Resolution 4: Increase in maximum aggregate remuneration available to Non-Executive Directors

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

*"That pursuant to Listing Rule 10.17 and Clause 15.9(a) of the Company's Constitution the total amount of fees that may be paid to the Company's Non-Executive Directors as a whole be increased by \$120,000, from \$180,000 to a maximum of \$300,000 as described in the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting."*

*A voting exclusion statement as set out below in this Notice applies to this Resolution.*

### Resolution 5: Refresh of the Company's Employee Share Option Plan

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

*"That, for the purposes of Listing Rule 7.2 exception 13(b) and sections 259B(2) and 260C(4) of the Corporations Act the shareholders approve with effect from the close of this Meeting the Company's Employee Share Option Plan (copies of the Plan Rules are available for inspection at the Company's registered office) and the issue of options by the Board in its discretion in accordance with the provisions of that ESOP, as described in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."*

*A voting exclusion statement as set out below in this Notice applies to this Resolution.*

**SPECIAL BUSINESS**

**Resolution 6: Renewal of Proportional Takeover Provision**

To consider and, if thought fit, pass the following resolution as a **special resolution**:

*“That, for the purposes of Section 648G(4) of the Corporations Act and for all other purposes the shareholders of the company approve the renewal of Clause 30 of the Company’s Constitution as described in the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting.”*

**Resolution 7: Approval of amendments to the Constitution**

To consider and, if thought fit, pass the following resolution as a **special resolution**:

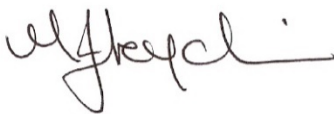
*“That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given that the constitution of ReadCloud Limited is amended in the manner set out in the Explanatory Statement, with effect from the conclusion of the meeting.”*

**Resolution 8: Approval of 10% Placement Facility**

To consider and, if thought fit, pass the following resolution as a **special resolution**:

*“That, pursuant to and in accordance with Listing Rule 7.1A, approval is given for the issue of Equity Securities (as defined in the Listing Rules) of up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and otherwise on the terms and conditions in the Explanatory Statement which accompanies and forms part of this Notice of Meeting.”*

**By order of the Board**



Melanie Leydin  
**Company Secretary**  
Dated: 1 October 2020

## Notes

1. **Entire Notice:** The details of the resolutions contained in the Explanatory Statement accompanying this Notice of Meeting should be read together with, and form part of, this Notice of Meeting.
2. **Record Date:** The Company has determined that for the purposes of the Annual General Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7.00pm on the date 48 hours before the date of the Annual General Meeting. Only those persons will be entitled to vote at the Annual General Meeting and transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting. On a poll, shareholders have one vote for every fully paid ordinary share held.
3. **Proxies**
  - a. Votes at the Annual General Meeting may be given personally or by proxy, attorney or representative.
  - b. Each shareholder has a right to appoint one or two proxies.
  - c. A proxy need not be a shareholder of the Company.
  - d. If a shareholder is a company it must execute under its common seal or otherwise in accordance with its constitution or the Corporations Act.
  - e. Where a shareholder is entitled to cast two or more votes, the shareholder may appoint two proxies and may specify the proportion of number of votes each proxy is appointed to exercise.
  - f. If a shareholder appoints two proxies, and the appointment does not specify the proportion or number of the shareholder's votes, each proxy may exercise half of the votes. If a shareholder appoints two proxies, neither proxy may vote on a show of hands.
  - g. A proxy must be signed by the shareholder or his or her attorney who has not received any notice of revocation of the authority. Proxies given by corporations must be signed in accordance with corporation's constitution and Corporations Act.
  - h. If you sign the proxy form and do not appoint a proxy, you will have appointed the Chair of the meeting as your proxy.
  - i. To be effective, proxy forms must be received by the Company's share registry (Boardroom Pty Limited) no later than 48 hours before the commencement of the Annual General Meeting, this is no later than 11:00am (AEDT) on Sunday, 8 November 2020. Any proxy received after that time will not be valid for the scheduled meeting.

## 4. Corporate Representative

Any corporate shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

## 5. How the Chair will vote Undirected Proxies

Subject to the restrictions set out in Note 6 below, the Chair of the meeting will vote undirected proxies in favour of all of the proposed resolutions. In exceptional circumstances, the Chair may change his or her voting intention on the Resolution, in which case an ASX announcement will be made. Shareholders may also choose to direct the Chair to vote against the Resolution or to abstain from voting.

## 6. Voting Exclusion Statement:

### Resolution 1

In accordance with sections 250R(4) and 250BD(1) of the Corporations Act, a vote must not be cast (in any capacity, including as a proxy), and the Company will disregard any votes purported to be cast, on this resolution by, or on behalf of, a member of the Key Management Personnel, details of whose remuneration are included in the remuneration report, or a Closely Related Party of such a member (**KMP voter**), unless the KMP voter is casting a vote on this resolution on behalf of a person who is not a KMP voter (including as a proxy) and either:

- (a) the KMP voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (b) the KMP voter is by the Chair of the meeting and the appointment of the Chair as proxy:
  - a. does not specify the way the proxy is to vote on the resolution; and
  - b. 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 or the consolidated entity.

If you appoint the Chairman as your proxy and you do not direct the Chairman how to vote, you will be expressly authorising the Chairman to exercise the proxy even if the relevant resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company

If the Chair of the Meeting is appointed as a proxy for a person who is permitted to vote on this Resolution, the Chair will vote any proxies which do not indicate on their Proxy Form the way the Chair must vote, in favour of this Resolution,. In exceptional circumstances, the Chair may change his or her voting intention on the Resolution, in which case an ASX announcement will be made. Shareholders may also choose to direct the Chair to vote against the Resolution or to abstain from voting.

If you purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

### Resolutions 2, 3, 6 and 7

There are no voting exclusions on these resolutions.

### Resolution 4

The Company will disregard any votes cast in favour of this Resolution by any Director and any of their associates or by or on behalf of the following persons:

- (a) a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, these restrictions will not apply to a vote cast as proxy for a person entitled to vote if:

- (a) it is cast in accordance with a direction on the proxy form specifying how the proxy is to vote on the resolution; or
- (b) it is cast by the person chairing the meeting and the appointment expressly authorised the chair to exercise the proxy even if the proposed resolution is connected directly or indirectly with the remuneration of the Key Management Personnel of the Company; or
- (c) it is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided:

- a. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
- b. the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

#### **Resolution 5**

The Company will disregard any votes cast in favour of this Resolution by a person who is eligible to participate in any employee incentive scheme in relation to the Company and any associates of those persons or by or on behalf of the following persons:

- (a) a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, these restrictions will not apply to a vote cast as proxy for a person entitled to vote if:

- (d) it is cast in accordance with a direction on the proxy form specifying how the proxy is to vote on the resolution; or
- (e) it is cast by the person chairing the meeting and the appointment expressly authorised the chair to exercise the proxy even if the proposed resolution is connected directly or indirectly with the remuneration of the Key Management Personnel of the Company; or
- (f) it is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided:
  - a. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - b. the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

#### **Resolution 8**

As at the date of dispatch of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A.2 and, therefore, a voting exclusion statement on this Resolution is not currently required by Listing Rule 7.3A.7.

#### **7. Special Resolutions**

Resolutions 6, 7 and 8 are special resolutions. For a special resolution to be passed, at least 75% of the votes validly cast on the resolution by shareholders (by number of shares) must be in favour of the resolution.

#### **8. Enquiries**

Shareholders are invited to contact the Company Secretary on (03) 9692 7222 if they have any queries in respect of the matters set out in these documents.

## EXPLANATORY STATEMENT

### Purpose of Information

This Explanatory Statement ("**Statement**") accompanies and forms part of the Company's Notice of Annual General Meeting ("**Notice**") for the 2020 Annual General Meeting ("**Meeting**").

The Notice incorporates, and should be read together, with this Statement.

### Receipt and consideration of Accounts & Reports

A copy of the Annual Report for the financial year ending 30 June 2020 which incorporates the Company's financial report, reports of the Directors (including the Remuneration Report and the auditors) is not enclosed as there is no longer a requirement for the Company to incur the printing and distribution cost associated with doing so for all shareholders. You may obtain a copy free of charge in hard copy form by contacting the Company by phone at (03) 9692 7222, and you may request that this occurs on a standing basis for future years.

Alternatively, you may access the Annual Report at the Company's website: <https://readcloud.com/> or via the Company's announcement platform on ASX. Except as set out in Resolution 1, no resolution is required on these reports.

Shareholders will have the opportunity to ask questions about or make comments on, the 2020 Annual Report and the management of the Company. The auditor will be invited to attend, to answer questions about the audit of the Company's 2020 Annual Financial Statements.

### Resolution 1: Adoption of Remuneration Report

#### **Background**

Section 250R(2) of the Corporations Act requires that a resolution to adopt the Remuneration Report must be put to the vote at the Annual General Meeting. The vote on this Resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report is set out in the Directors' Report in the Company's 2020 Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company.

In accordance with Section 250SA of the Corporations Act, Shareholders will be provided with a reasonable opportunity to ask questions concerning, or make comments on, the Remuneration Report at the Annual General Meeting.

In accordance with Division 9 of Part 2G.2 of the Corporations Act, if twenty five (25%) per cent or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive Annual General Meetings, Shareholders will be required to vote at the second of those Annual General Meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director) must go up for re-election.

It is noted that at the Company's last Annual General Meeting, the votes cast against the Remuneration Report represented less than twenty-five (25%) per cent of the total votes cast on that resolution and accordingly, a spill resolution will not under any circumstances be required for the Meeting.

The Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

#### **Board Recommendation**

Noting that each Director has a personal interest in their own remuneration from the Company (as such interests are described in the Remuneration Report) and, as described in the voting exclusions on this Resolution (set out in the Notice), that each Director (or any Closely Related Party of a Director) is excluded from voting their shares on this Resolution, the Directors unanimously recommend that shareholders vote in favour of this Resolution to adopt the Remuneration Report.

#### **Voting Exclusions**

Refer to Note 6 for voting exclusions.

## **Resolution 2: Election of Cristiano Nicolli as a Director of the Company**

In accordance with ASX Listing Rule 14.4 and Clause 15.6 of the Constitution, Mr Cristiano Nicolli will retire at the Annual General Meeting and, being eligible, will offer himself for election.

Mr Cristiano Nicolli was appointed as a Non-Executive Director of the Company on 1 September 2020.

Mr Nicolli has an extensive career as an influential leader and highly successful businessman in the technology sector. From 2010 to 2016, Mr Nicolli was the Group Managing Director and CEO of ASX-listed IT services company UXC Limited. During his 13 years with UXC, Mr Nicolli was instrumental in leading the growth of UXC's IT-services business from \$60 million annual revenue to \$750 million (via both organic growth and acquisitions) and employing 3,000 staff. Under Mr Nicolli's leadership, UXC became widely recognised as the largest and one of the most respected ASX-listed IT companies in Australia. Mr Nicolli oversaw the acquisition of UXC by global IT firm CSC in late 2016 for in excess of \$400 million.

Mr Nicolli is currently a Non-Executive director of ASX/NZX listed Vista Group International Limited (ASX: VGL), a leading provider of software and cloud solutions to the global film industry. Mr Nicolli is also a Non-Executive Director of ASX listed international IT services provider Empired Limited (ASX: EPD). Mr Nicolli is a Fellow of the Australian Institute of Company Directors (FAICD), a past member of the New Zealand Society of Accountants and holds a Bachelor of Management & Business Studies.

### ***Board Recommendation***

The Board (with Mr Nicolli abstaining), recommends that shareholders vote in favour of the election of Mr Nicolli.

The Chairman of the meeting intends to vote undirected proxies in favour of Mr Nicolli's election.

### ***Voting Exclusions***

Refer to Note 6 for voting exclusions.

## **Resolution 3: Re-election of Mr Guy Mendelson as a Director of the Company**

### ***Background***

Clause 15.4 of the Constitution requires that at every Annual General Meeting, one third of Directors (excluding the Managing Director) shall retire from office and provides that such Directors are eligible for re-election at the meeting. Mr Guy Mendelson being eligible, offers himself for re-election.

Mr Mendelson was appointed as a Non-Executive Director of the Company on 14 May 2018.

Mr Mendelson's previous Board experience includes being a BPAY Board Director for four years and a Brotherhood of St Laurence Audit and Risk Committee member for the past 8 years. Guy has demonstrated strategic and commercial experience at an executive level with 19 years' experience working for ANZ Bank running various businesses. He is currently a General Manager within ANZ responsible for the growth and profitability of ANZ's small business segment.

### ***Board Recommendation***

The Board (with Mr Mendelson abstaining), recommends that shareholders vote in favour of the re-election of Mr Mendelson. The Chairman of the meeting intends to vote undirected proxies in favour of Mr Mendelson's re-election.

### ***Voting Exclusions***

Refer to Note 6 for voting exclusions.

## **Resolution 4: Increase in maximum aggregate remuneration available to Non-Executive Directors**

### ***Background***

In accordance with Clause 15.9(a) of the Constitution and Listing Rule 10.17, Shareholder approval is sought to increase the maximum aggregate amount of directors' fees per annum that may be paid by the Company to its Non-Executive Directors ("**Fee Pool**") by \$120,000, from \$180,000 to a maximum of \$300,000 per annum.



Under the Listing Rules, the term “directors’ fees” includes committee fees, superannuation contributions and fees which a director sacrifices for other benefits, but does not include reimbursement of genuine out-of-pocket expenses, genuine “special exertion” fees or securities issued to Non-Executive Directors with approval of Shareholders in accordance with the Listing Rules.

The Directors are seeking Shareholder approval to increase the Fee Pool for the following reasons:

- As a result of the diversification of the Company over recent years, the Directors continue to review the size and composition of the Board. The increase in the Fee Pool will provide the Board with the ability to appoint additional directors with the requisite skills and experience as appropriate; and
- The increase will ensure that the Company maintains the ability to pay Non-Executive Directors remuneration at levels commensurate with market rates and as necessary to attract and retain directors of the highest calibre. The level of Non-Executive Directors’ remuneration is reviewed annually to ensure alignment with the market. The Directors are satisfied that the proposed Fee Pool will be within the average bands applying to companies within the Company’s industry that are of similar size, profitability, growth and risk profiles and that the proposed increase is appropriate for the reasons set out above.

Shareholders should note that, if the proposed Fee Pool is approved, it will not necessarily represent the full sum paid to Non-Executive Directors each financial year. The Company will in future continue to set the actual level of remuneration of its Non-Executive Directors within the Fee Pool, having regard to independent external advice, market practice, Board performance and other appropriate factors.

No securities have been issued to any Non-Executive Director of the Company under Listing Rules 10.11 or 10.14 at any time within the last 3 years.

Additional information regarding the remuneration paid to each Non-Executive Director for the financial year ended 30 June 2020 and the Company’s approach to the remuneration of Non-Executive Directors, is set out in the Remuneration Report.

#### **Board Recommendation**

The Board unanimously recommends that shareholders vote in favour of this Resolution.

#### **Voting Exclusions**

Refer to Note 6 for voting exclusions.

### **Resolution 5: Refresh of the Company’s Employee Share Option Plan**

#### **Background**

In October 2017 prior to the Company Listing on the ASX, the Company adopted its Employee Share Option Plan (**ESOP**). The Board is committed to incentivising and retaining the Company’s Directors, employees and consultants in a manner which promotes alignment of their interests with shareholder interests. Additionally, the Board considers equity-based compensation an integral component of the Company’s remuneration platform as it allows it to be fiscally prudent by conserving cash resources while still enabling it to offer market-competitive remuneration arrangements.

The ESOP is regarded as an employee incentive scheme for the purposes of Listing Rule 7.2. A copy of the ESOP will be provided without charge to shareholders on request.

Approval of the refresh of the Company’s ESOP and any options to be issued pursuant to the ESOP is sought pursuant to Listing Rule 7.2, Exception 13(b). Further details relating to Listing Rules requirements are set out below.

The ESOP is intended to enable participants to share in any increase in the Company’s value (as measured by the share price) beyond the date of allocation of the options. A summary of the ESOP is set out later in these Explanatory Notes.

Any issue of shares under the ESOP to Directors, or their associates, will still require approval by shareholders under Listing Rule 10.14.

## Listing Rules

Listing Rule 7.1 provides generally that a company may not issue shares or securities convertible into shares equal to more than 15% of the company's issued share capital in any consecutive 12 month period without prior obtaining shareholder approval, unless the issue fits into one of the exceptions contained in Listing Rule 7.2. Listing Rule 7.2 exception 13(b) effectively provides that securities issued pursuant to an employee incentive scheme are not included in the calculation of the 15% for Listing Rule 7.1 purposes provided the employee incentive scheme and the securities to be issued pursuant to the ESOP have been approved by shareholders within the previous 3 years.

Accordingly, shareholder approval is sought pursuant to this Resolution in order for the Company to continue to be able to issue options pursuant to the ESOP and have those options qualify under Listing Rule 7.2 exception 13(b) for a further 3 years from the date of approval.

The Board intends that the issue of options under the ESOP continue to not be included when undertaking the calculation of the 15% limit pursuant to Listing Rule 7.1. Accordingly, the Company is seeking shareholder re-approval of the ESOP in order that the issue of shares pursuant to the ESOP will continue to qualify as an exception to Listing Rule 7.1 under exception 13(b) to Listing Rule 7.2.

## Corporations Act

Under sections 259B(2) and 260C(4) of the Corporations Act, if a company's employee share scheme is approved by a resolution passed at a general meeting of the company's shareholders, the company is able to provide financial assistance to a person in order to assist that person to acquire shares under the scheme, as well as take security over those shares to secure any repayments or amounts owing under the scheme.

Accordingly, to allow maximum flexibility and to avoid any technical Corporations Act issues, the Board is seeking approval of the ESOP for the purposes of these sections.

## Information required for Listing Rule 7.2, exception 13(b)

Listing Rule 7.2, exception 13(b) requires the following information to be provided to shareholders:

### Options already issued

Since the adoption of the ESOP the Company has issued 2,530,000 options under the ESOP. A total of 480,000 options issued under the ESOP have been cancelled, lapsed or expired since being issued. 150,000 options issued under the ESOP have to date been exercised. Currently there are 1,900,000 options on issue pursuant to the ESOP.

### Maximum number of equity securities to be issued under the ESOP

Approval is sought to issue up to 10 million equity securities (shares or options each conditionally entitling the applicable holder to one fully paid ordinary shares upon exercise or achievement of the applicable milestone). This number includes up to 5 million equity securities which the Company may issue to senior executives who are not directors of the Company. Any additional issues under the Plan above that number would require further shareholder approval, unless the total number of securities issued does not exceed 5% of the then issued shares of the Company.

### Summary of Terms and Conditions of the Employee Share Option Plan

<b>Eligibility</b>	Any director, employee or consultant who is decided by the Board to be an eligible participant for the purposes of the ESOP.
<b>Grant of options</b>	The Board may offer any number of options to eligible participants on the terms the Board decides, subject to the ESOP rules, any applicable laws or the Listing Rules. The offer must be in writing and specify, amongst other things, the number of options for which the eligible employee may apply, the period within which the options may be exercised, any conditions to be satisfied before exercise, the option expiry date (as determined by the Board) and the exercise price of the options.
<b>Exercise</b>	The options may be exercised, subject to any exercise conditions, by the participant giving a signed notice to the Company and paying the exercise price in full. The Company will apply for official quotation of any Shares issued on exercise of any options.
<b>Cashless Exercise (New Term)</b>	The Board may decide that a Participant is not required to pay the Exercise Price for an Option, but that on exercise of an Option the Company will only

	<p>issue that number of Shares to the Participant in accordance with the following formula:</p> $\frac{\text{Market Value of a Share} - \text{Exercise Price otherwise payable}}{\text{Market Value of a Share}} \times \text{Number of Options being exercised}$ <p>If a Participant exercises Options under rule 9.2, those Options expire immediately on the issue of the relevant number of Shares to the Participant.</p>
<p><b>Lapse</b></p>	<p>The options shall lapse in accordance with specific offer terms or events contained in the ESOP rules, which may include termination of employment or resignation, redundancy, death or disablement (subject to the Board's discretion to extend the term of exercise in restricted cases) as well as the expiry of time periods.</p>
<p><b>Rights of Participants</b></p>	<p><b>No conferred rights</b></p> <p>These Rules, participation in the Plan or the terms of any Offer do not:</p> <ul style="list-style-type: none"> <li>(a) confer any right or entitlement if such right is subject to shareholder approval;</li> <li>(b) confer on an Employee the right to receive an Offer;</li> <li>(c) confer on a Participant the right to continue as an Employee; and</li> <li>(d) affect any right the Company or any Subsidiary may have to terminate the employment of a Participant.</li> </ul> <p><b>No impact on termination rights</b></p> <p>These Rules, participation in the Plan or the terms of any Offer may not be used to increase damages in any action brought against the Company or any Subsidiary in respect of that termination.</p> <p><b>Other schemes</b></p> <p>Participation in the Plan does not affect, and is not affected by, participation in any other employee incentive scheme operated by the Company unless the terms of the other scheme provide otherwise.</p> <p><b>General meetings</b></p> <p>A Participant is not entitled to attend or vote at general meetings of holders of Shares in their role as a Participant alone.</p> <p><b>Exercise of Options</b></p> <p>Once Shares are allotted upon exercise of the options the Participant will hold the Shares free of restrictions. The Shares will rank for dividends declared on or after the date of issue but will carry no right to receive any dividend before the date of issue.</p> <p><b>New Issue</b></p> <p>Participants are not entitled to participate in offers of new securities by the Company unless they have been issued Shares on the exercise of the Options.</p> <p><b>Reorganisation</b></p> <p>If there is a reorganisation of capital of the Company, then the rights of a Participant (including the underlying Shares over which the Option is exercisable and/or the Exercise Price) are to be changed to the extent necessary to comply with the Listing Rules applying to the reorganisation of capital at the time of the reorganisation, whether or not the Company is subject to the Listing Rules at that time.</p> <p><b>Change of Control</b></p> <p>In the event of a change of control (as defined in the ESOP rules), the Board must give at least 10 business days' notice stating the proposed date of the Change of Control.</p> <p>If a Change of Control Notice is delivered then, on the Change of Control</p>

	<p>Date immediately prior to the Change of Control event:</p> <p>(a) all outstanding Options which have not Vested shall Vest; and</p> <p>(b) all Exercise Conditions relating to Options shall be waived,</p> <p>and all Participants who hold Options may comply with Rule 9 of the ESOP in respect of those Options which they wish to exercise, such exercise to be subject to the Change of Control occurring.</p> <p><b>Dilution Limit</b></p> <p>An Offer of Options must not be made if the total of:</p> <p>(a) The number of Shares which are the subject of the Offer of Options; and</p> <p>(b) underlying Shares issued or that may be issued as a result of any Offers of Options, or similar offer of Shares under a predecessor or other employee incentive plan, made at any time during the previous 3-year period in reliance of Class Order relief granted by ASIC;</p> <p>would exceed 5% of the number of Shares on issue at the time of the Offer.</p> <p><b>Tax</b></p> <p>The Company may be obliged to collect taxes in respect of a Participant and may require the Participant to satisfy those taxes or deduct those taxes from amount due to the Participant.</p>
<b>Assignment</b>	The options are not transferable or assignable without the prior written approval of the Board.
<b>Administration</b>	The ESOP will be administered by the Board which has an absolute discretion to determine appropriate procedures for its administration and resolve questions of fact or interpretation and formulate special terms and conditions (subject to the Listing Rules) in addition to those set out in the ESOP.
<b>Termination and amendment</b>	The ESOP may be terminated or suspended at any time by the Board. The ESOP may be amended at any time by the Board except where the amendment adversely affects the rights of the holders of Options which requires consent of the holders of at least 75% of the Options affected,, unless required by the Corporations Act or the Listing Rules.

## **Directors Recommendations**

As the Directors of the Company are excluded from voting pursuant to the Listing Rules, they make no recommendation to the shareholders in respect of the ESOP.

### **Voting Exclusions**

Refer to Note 6 for voting exclusions.

## **Resolution 6: Renewal of Proportional Takeover Provision**

### **Background**

Clause 30 of the Constitution contains provisions dealing with shareholder approval requirements if there was to be any partial takeover bids for the Company's securities (**Proportional Takeover Provisions**).

A "proportional takeover bid" means an off-market bid for a specified proportion of the Company's securities held by each shareholder in a class for which a takeover bid has been made. It is not a bid for all securities held by all shareholders of that class, only part of the securities each holds.

Section 648G(1) of the Corporations Act provides that these Proportional Takeover Provisions cease to apply at the end of 3 years from their adoption (or last renewal), but that they may be renewed by special resolution of the shareholders. The Board believes it is appropriate that the Proportional Takeover Provisions of the Constitution (Clause 30) be renewed.

In seeking shareholder approval for the renewal of the Proportional Takeover Provisions, the Corporations Act requires the below information to be provided to shareholders.

### **Effect of provisions proposed to be renewed**

Clause 30 of the Constitution provides that the Company is prohibited from registering any transfer of shares giving effect to a contract of sale pursuant to a proportional takeover bid unless and until after the proportional takeover bid has been approved by shareholders at a general meeting of the Company (**Approving Resolution**). The person making the offer for the securities (and their associates) cannot vote on the Approving Resolution and the Approving Resolution requires the approval of more than one half of shareholders who are entitled to vote at that meeting.

### **Reason for the resolution**

Clause 30 of the Constitution is required to be renewed as 3 years have passed since the last renewal of the Constitution. Section 648(G)(1) of the Corporations Act provides that Proportional Takeover Provisions such as provided in Clause 30 cease to apply at the end of 3 years from their adoption (or their last renewal). Section 648(G)(4) enables shareholders to approve a renewal of Proportional Takeover Provisions.

The Board believes that shareholders should continue to have the choice of considering whether to accept a bid for what might become control of the Company without the shareholders having the opportunity to dispose of all of their securities (rather than just some of their securities, as would be the case under a proportional takeover bid). To preserve this choice, Clause 30 needs to be renewed. If Clause 30 is renewed and any proportional takeover bid (if any) is subsequently approved by shareholders, each shareholder will still have the right to make a separate decision whether that shareholder wishes to accept the (proportional takeover) bid for their own securities.

### **Awareness of current acquisition proposals**

As at the date of these Explanatory Notes, none of the Directors are aware of any proposal for any person to acquire (or increase the extent of) a substantial interest in the Company from its current level.

### **Advantages and disadvantages of the Proportional Takeover Provisions since last renewed**

As there have been no takeover bids made for any of the shares in the Company since the last renewal of the Proportional Bid Provisions, there has been no application of Clause 30. It may be argued that the potential advantages and disadvantages described below have also applied for the period since adoption of Clause 30.

### **Potential advantages and disadvantages of the Proportional Takeover Provision for both directors and shareholders**

An advantage to the Directors of renewing the Proportional Takeover Provisions is that the Board will be able to assess the shareholder's acceptance or otherwise of a proportional takeover bid should one be made.

As stated above, renewing Clause 30 provides shareholders with the choice of considering whether to accept a bid for what might become control of the Company without shareholders having the opportunity to dispose of all of their securities (rather than just some of their securities, as would be the case under a proportional takeover bid). If Clause 30 is not renewed, shareholders will not have this opportunity.

On the other hand, it may be argued that the renewal of Clause 30 may make proportional takeover bids more difficult to succeed and therefore effectively discourage proportional takeover bids being made and reduce the freedom for shareholders to sell some of their securities.

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

### **Board Recommendation**

Balancing the above advantages and disadvantages, the Board is of the view that the advantages of renewing the Proportional Takeover Provisions outweigh any disadvantages and unanimously recommend the renewal. Accordingly, shareholder approval is sought pursuant to this Resolution.

The Chairman of the meeting intends to vote undirected proxies in favour of this Resolution.

### **Voting Exclusions**

Refer to Note 6 for voting exclusions.

## **Resolution 7: Approval of amendments to the Constitution**

### **Background**

Under Section 136(2) of the Corporations Act, a company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

As part of the Company's regular review of its Constitution to streamline administration, minimise costs and incorporate recent regulatory updates, the Company proposes that the Constitution be amended in the manner set out in Schedule 1.

Below is a summary of the key changes to the Constitution.

### **Hybrid Meetings**

Both the Corporations Act and the Constitution already facilitate, to a certain extent, the holding of hybrid meetings (i.e. general meetings where shareholders can choose to participate in the meeting online rather than attend the physical location of the main meeting).

Amendments to the Constitution have been proposed to further clarify that the Company may conduct hybrid meetings and to clarify the status of Shareholders who attend a general meeting online.

### **Restricted Securities**

There were changes to the ASX Listing Rules commenced on 1 December 2019 which require a listed entity's constitution to contain certain provisions regarding Restricted Securities (as that term is defined in the Listing Rules) on issue. With effect from 1 December 2019, ASX applies a two-tier escrow regime, where ASX can require more significant holders of Restricted Securities and their controllers to execute a formal escrow agreement in the form of Appendix 9A of the Listing Rules, as is currently the case. However, for less significant holders of Restricted Securities, ASX instead permits entities to rely on a provision in their constitution imposing appropriate escrow restrictions on the holders of Restricted Securities and to simply give a notice to such holders in the form set out in Appendix 9B of the Listing Rules, advising them of those restrictions.

The new Listing Rule 15.12 requires the constitution of listed entities to reflect the modified escrow regime. It is proposed that the Constitution is amended so that it contains the provisions required by Listing Rule 15.12 to enable it to issue restricted securities if required in the future.

## General amendments

General amendments to the Constitution have been proposed which are administrative or minor in nature including, but not limited to

- clarifying that attendance by person includes attendance by technology; and
- updating the notice and deemed receipt provisions to allow for technology;

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

### **Board Recommendation**

The Board unanimously recommends that shareholders vote in favour of this Resolution.

### **Resolution 8: Approval of 10% Placement Facility**

#### **Background**

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its 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, at the date of this Notice, an eligible entity.

The Company is seeking shareholder approval by way of a special resolution to have the ability, if required, to issue Equity Securities under the 10% Placement Facility. The effect of this Resolution will be to allow the Directors to issue Equity Securities under Listing Rule 7.1A during the 10% Placement Period (as described below) without using the Company's 15% placement capacity under Listing Rule 7.1.

If Shareholders approve this Resolution, the number of Equity Securities permitted to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (see below).

#### **Description of Listing Rule 7.1A**

##### *(a) 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 on issue two classes of quoted Equity Securities, being Shares and Listed Options.

##### *(b) 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 at the commencement of the "relevant period" (which, for the Company, is the 12 month period immediately preceding the date of the issue or agreement):

- (A) plus the number of fully paid shares issued in the relevant period under an exception in Listing Rule 7.2, other than exception 9, 16 or 17;
- (B) plus the number of fully paid shares issued in the relevant period on the conversion of convertible securities within rule 7.2 exception 9 where:
  - (i) the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
  - (ii) the issue of, or agreement to issue, the convertible securities was approved, or taken under the Listing Rules to have been approved, under rule 7.1 or rule 7.4;

- (C) plus the number of fully paid shares issued in the relevant period under an agreement to issue securities within rule 7.2 exception 16 where:
  - (i) the agreement was entered into before the commencement of the relevant period; or
  - (ii) the agreement or issue was approved, or taken under the Listing Rules to have been approved, under rule 7.1 or rule 7.4;
- (D) plus the number of fully paid shares issued in the relevant period with approval of holders of shares under Listing Rules 7.1 or 7.4;
- (E) plus the number of partly paid shares that became fully paid in the relevant period;
- (F) less the number of fully paid shares cancelled in the relevant period.

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 relevant period where the issue or agreement has not been subsequently approved by shareholders under Listing Rule 7.1 or 7.4.

(c) *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).

### **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 period for which the Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A (**10% Placement Period**) commences on the date of the Annual General Meeting at which the approval is obtained, being 10 November 2020, and expires on the first to occur of the following:
  - (i) the date that is 12 months after the date of the Annual General Meeting at which the approval is obtained, being 10 November 2021;
  - (ii) the time and date of the Company's next annual general meeting;
  - (iii) the time and date of the approval by shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).
- (b) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities in the same class calculated over the 15 trading days on which trades in that class were recorded immediately before:
  - (i) the date on which the price at which the Equity Securities are to be issued is agreed by the Company and the recipient of the securities; or
  - (ii) if the Equity Securities are not issued within 10 trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (c) The purposes for which the funds raised by an issue of Equity Securities under rule 7.1A.2 may be used by the Company include to raise cash for:
  - (i) consideration for the acquisition(s) of the new assets and investments, including the expenses associated with such acquisition(s); and
  - (ii) continued expenditure on the Company's current business and/or general working capital.
- (d) If this Resolution 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 table below (in the case of Listed Options, only if the Listed Options are exercised). Shareholders may also be exposed to economic risk and voting dilution, including the following:



- (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,

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

The below table shows the dilution of existing Shareholders on the basis of the market price of Shares as at 30 September 2020 (**Current Share Price**) and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

- two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. 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
- two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Issue Price		
		\$0.17 50% decrease in Current Share Price	\$0.34 Current Share Price	\$0.68 100% increase in Current Share Price
<b>Current Variable A</b> 99,563,023 Shares	<b>10% Voting Dilution</b>	9,956,302 Shares		
	<b>Funds raised</b>	\$1,692,571	\$3,385,143	\$6,770,286
<b>50% increase in current Variable A</b> 149,339,535 Shares	<b>10% Voting Dilution</b>	14,934,453 Shares		
	<b>Funds raised</b>	\$2,538,857	\$5,077,714	\$10,155,428
<b>100% increase in current Variable A</b> 199,126,046 Shares	<b>10% Voting Dilution</b>	19,912,605 Shares		
	<b>Funds raised</b>	\$3,385,143	\$6,770,286	\$13,540,571

The table has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- No Options (including existing Listed Options and/or any Listed Options issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities;
- 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%.
- 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 Annual General Meeting.
- 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.
- The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Listed Options, it is assumed that those Listed Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- The Current Share Price is \$0.34 being the closing price of the Shares on ASX on 30 September 2020.

- (e) The Company will comply with the disclosure obligations under Listing Rule 7.1A(4) 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 relevant factors including, but not limited to, the following:

- (i) 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;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;

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- (iii) the financial situation and solvency of the Company; and
- (iv) 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, subject to compliance with Listing Rule 10.11, and/or new Shareholders who are not related parties or associates of a related party of the Company.

- (f) The Company:
  - (i) has not issued, nor agreed to issue, any Equity Securities under Rule 7.1A.2 in the 12 month period preceding the date of the Meeting; and
  - (ii) had not agreed, before the 12 month period referred to in the preceding paragraph, to issue any Equity Securities under Rule 7.1A.2 where such securities remain unissued as at the date of the Meeting.

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

#### ***Directors Recommendations***

The Directors of the Company believe that this Resolution is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

#### ***Voting Exclusions***

As at the date of dispatch of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A.2 and, therefore, a voting exclusion statement is not required by Listing Rule 7.3A.7.

## GLOSSARY

The following terms have the following meanings in this Explanatory Statement:

“\$” means Australian Dollars;

“**10% Placement Facility**” has the meaning as defined in the Explanatory Statement for Resolution 8;

“**10% Placement Period**” has the meaning as defined in the Explanatory Statement for Resolution 8;

“**Annual Report**” means the Directors’ Report, the Financial Report, and Auditor’s Report, in respect to the year ended 30 June 2020;

“**ASX**” means ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange, as the context requires;

“**Auditor’s Report**” means the auditor’s report on the Financial Report;

“**AEDT**” means Australian Eastern Daylight Time.

“**Board**” means the Directors acting as the board of Directors of the Company;

“**Chairman**” means the person appointed to chair the Meeting of the Company convened by the Notice;

“**Closely Related Party**” means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

“**Company**” means ReadCloud Limited ACN 136 815 891;

“**Constitution**” means the constitution of the Company as at the date of the Meeting;

“**Corporations Act**” means the Corporations Act 2001 (Cth);

“**Director**” means a Director of the Company;

“**Directors Report**” means the annual directors’ report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities;

“**Equity Security**” has the same meaning as in the Listing Rules;

“**Explanatory Memorandum**” means the explanatory memorandum which forms part of the Notice;

“**Financial Report**” means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities;

“**Key Management Personnel**” means 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;

“**Listing Rules**” means the Listing Rules of the ASX;

“**Market Value**” means the value of a 5 day VWAP prior to the date of cashless exercise;

“**Meeting**” has the meaning given in the introductory paragraph of the Notice;

“**Notice**” means this Notice of Meeting including the Explanatory Statement;

“**Proxy Form**” means the proxy form attached to the Notice;

“**Remuneration Report**” means the remuneration report which forms part of the Directors’ Report of the Company for the financial year ended 30 June 2020 and which is set out in the 2020 Annual Report;

“**Resolution**” means a resolution referred to in the Notice;

“**Share**” means a fully paid ordinary share in the capital of the Company;

“**Shareholder**” means shareholder of the Company;

“**Trading Day**” means a day determined by ASX to be a trading day in accordance with the Listing Rules; and

“**VWAP**” means volume weighted average market price as defined in the Listing Rules.

**SCHEDULE 1**

<b>Rule No.</b>	<b>Existing Rule</b>	<b>Amended Rule</b>
<b>1.2</b>	<p><b>1.2 Interpretation</b></p> <p>Existing clause remains the same</p>	<p>New sub clause (e)</p> <p><b>1.2 Interpretation</b></p> <p>(e) a reference to technology means any form of communications technology including on-line platforms, audio-visual technology and other forms of communications that allow persons to communicate amongst each other.</p>
<b>10.4</b>	<p><b>10.4 Restricted Securities</b></p> <p>(a) Restricted securities under the Listing Rules may not be disposed of during the restriction period which applies to the restricted securities, except as permitted by the Listing Rules or ASX.</p> <p>(b) The Directors must refuse to register a transfer of shares if the shares are classified under the Listing Rules or by the ASX as restricted securities and the transfer is or might be in breach of the Listing Rules or any restriction agreement entered into by the Company under the Listing Rules in relation to those shares.</p>	<p><b>10.4 Restricted Securities</b></p> <p>If any securities of the Company are classified under the Listing Rules or by ASX as Restricted Securities (as that term is defined in the Listing Rules):</p> <p>(a) during the escrow period set by the restriction deed or otherwise required by the ASX in relation to those securities, the Shareholder who holds the Restricted Securities:</p> <p>(A) may not dispose of, or agree or offer to dispose of, the Restricted Securities;</p> <p>(B) agrees to the Restricted Securities being kept on the issuer sub-register and having a holding lock applied to those securities;</p> <p>(C) will not be entitled to participate in any return of capital on the Restricted Securities; and</p> <p>except as permitted by the Listing Rules or the ASX;</p> <p>(b) during the escrow period set by the restriction deed or otherwise required by the ASX in relation to those securities the Company must not register a transfer of the Restricted Securities or otherwise acknowledge a disposal of them; and</p> <p>(c) if there is a breach of this clause 10.4 or of the relevant restriction agreement in relation to a Restricted Security, the Shareholder may not:</p> <p>(A) exercise any voting rights at a meeting of shareholders; or</p> <p>(B) receive any dividend or other distribution, while the breach continues.</p>
<b>13.2</b>	<p><b>13.2 Use of technology at general meetings</b></p> <p>The Company may hold a general meeting at two or more venues using any technology that gives the Shareholders as a whole a reasonable opportunity to participate.</p>	<p><b>13.2 Use of technology at general meetings</b></p> <p>(a) The Company may hold a general meeting at two or more venues using any technology that gives the Shareholders as a whole a reasonable opportunity to participate.</p> <p>(a) If a Shareholder is linked to the general meeting by any technology, which by itself or in conjunction with other arrangements:</p> <p>(A) gives the Shareholder a reasonable opportunity to participate in proceedings of the meeting; and</p>

		(B) enables the Shareholder to vote on a poll, a Shareholder accessing the meeting by that technology is taken to be present at the general meeting for any purpose and entitled to exercise all rights at that meeting.
<b>14.1</b>	<b>14.1 Quorum</b> Business may not be transacted at any general meeting unless a quorum of Shareholders is present at the time when the meeting proceeds to business. Two Shareholders (including any proxy for a Shareholder and any person representing a company Shareholder) constitute a quorum in all cases.	<b>14.1 Quorum</b> Business may not be transacted at any general meeting unless a quorum of Shareholders is present (either in person physically or linked by any technology) at the time when the meeting proceeds to business. Two Shareholders (including any proxy for a Shareholder and any person representing a company Shareholder) constitute a quorum in all cases.
<b>14.2</b>	<b>14.2 Effect of no quorum</b> (a) If a quorum is not present within 30 minutes from the notified starting time for the meeting: (i) where the meeting was convened on the requisition of Shareholders, the meeting is cancelled; (ii) in any other case, the meeting is postponed to the same place on the same day and at the same time the following week, or to any other time and place chosen by the Directors. (b) if a quorum is not present within 30 minutes after the starting time of the postponed meeting, it is cancelled.	<b>14.2 Effect of no quorum</b> (a) If a quorum is not present (either in person physically or linked by any technology) within 30 minutes from the notified starting time for the meeting: (i) where the meeting was convened on the requisition of Shareholders, the meeting is cancelled; (ii) in any other case, the meeting is postponed to the same place (including any place linked by technology) on the same day and at the same time the following week, or to any other time and place chosen by the Directors. (b) if a quorum is not present (either in person physically or linked by any technology) within 30 minutes after the starting time of the postponed meeting, it is cancelled.
<b>14.9</b>	<b>14.9 Voting on a show of hands</b> (a) At any general meeting a resolution put to the vote of the meeting is decided on a show of hands of all Shareholders entitled to vote unless a poll is (before or on the declaration of the result of the show of hands) demanded according to this Constitution. (b) Unless a poll is duly demanded, a declaration by the chairperson that a resolution or a show of hands has been carried or carried unanimously, or by a particular majority or lost, must be made in the minutes of the meeting. An entry recording the chairperson's declaration of voting in the book containing the minutes of the proceedings of the Company is conclusive evidence of the fact without proof of the number of proportion of the votes recorded in favour of or against the resolution.	<b>14.9 Voting on a show of hands</b> (a) Except as set out in clause 14.9(b) at a general meeting all resolutions put to the vote of the meeting must be decided on a poll. (b) At a general meeting, the only matters which may be decided by a show of hands are matters which the chairperson considers to be procedural matters. (c) An entry recording the chairperson's declaration of voting in the book containing the minutes of the proceedings of the Company is conclusive evidence of the fact without proof of the number of proportion of the votes recorded in favour of or against the resolution.
<b>14.12</b>	<b>14.12 Proxy holders and representatives voting rights</b> (a) Subject to any rights or restrictions for the time being attached to any class or classes of shares: (i) at meetings of Shareholders or classes of Shareholders, each Shareholder entitled	<b>14.12 Proxy holders and representatives voting rights</b> (a) Subject to any rights or restrictions for the time being attached to any class or classes of shares: (i) at meetings of Shareholders or classes of Shareholders, each Shareholder entitled to vote may vote in person (or being linked by

	<p>to vote may vote in person or by proxy, attorney or Representative; and</p> <p>(ii) on a show of hands or by a poll, every Shareholder present in person or by proxy, attorney or Representative has one vote in respect of the total number of shares carrying the right to vote held by that Shareholder; and</p> <p>(iii) on a poll, every Shareholder present in person or by proxy, attorney or Representative has one vote for each share carrying the right to vote held by that Shareholder.</p>	<p>any technology) or by proxy, attorney or Representative; and</p> <p>(ii) on a show of hands, every Shareholder present in person (or being linked by any technology) or by proxy, attorney or Representative has one vote in respect of the total number of shares carrying the right to vote held by that Shareholder; and</p> <p>(iii) on a poll, every Shareholder present in person (or being linked by any technology) or by proxy, attorney or Representative has one vote for each share carrying the right to vote held by that Shareholder.</p>
<p><b>25.1</b></p>	<p><b>25.1 Method</b></p> <p>A notice may be given by the Company to any shareholder either by serving it on the Shareholder personally or by sending it by post to the Shareholder at his, her or its address as shown in the register of Shareholders or any address (including any facsimile number or electronic address) supplied by the Shareholder to the Company for the giving of notices to the Shareholder. Overseas Shareholders must receive notice by air mail or facsimile transmission or any other way that ensures it will be received promptly after it is sent.”</p>	<p><b>25.1 Method</b></p> <p>A notice may be given by the Company to any shareholder either by serving it on the Shareholder personally, by sending it by post to the Shareholder at his, her or its address as shown in the register of Shareholders or any address (including any facsimile number or electronic address) supplied by the Shareholder to the Company for the giving of notices or by other electronic means determined by the Board acting reasonably and previously notified to Shareholders.</p> <p>Overseas Shareholders must receive notice by air mail, facsimile transmission or any other means determined by the Board acting reasonably that ensures it will be received promptly after it is sent.</p> <p>Unless the Shareholder has requested otherwise, sending to an electronic address the Shareholder has supplied to the company for the giving of notices, a URL from which the notice and other material can be viewed or downloaded or sending, to the Shareholder’s address in the register of Shareholders or an alternative address nominated by the Shareholder, a letter or postcard setting out a URL from which the notice and other material can be viewed or downloaded shall be sufficient notice.</p> <p>For the purposes of this clause, the fact that a Shareholder has supplied an electronic address for the giving of notices does not require the Company to give any notice to that person by electronic means.</p> <p>Where a member does not have a registered address or the Company has reasonable grounds to believe that a Shareholder is not known at the Shareholder’s registered address (including where the Company has made enquiry at the registered address as to the Shareholder’s whereabouts, and receives no response or a response indicating that the Shareholder’s whereabouts are unknown) the Company may give any notice to that Shareholder by exhibiting the notice at the registered office of the Company or publishing the notice on the Company’s page of the ASX Market Announcements Platform for at least 48 hours.</p> <p>A notice may be given by the Company to a person entitled to a share as a result of a transmission event in any manner authorised by clause 25.1 addressed to the name or title of the person, at or to such address or electronic address supplied to the company for the giving of notices or if no address or electronic address</p>

		has been supplied, at or to the address or electronic address to which the notice might have been sent if the relevant transmission event had not occurred."
<b>25.2</b>	<p><b>25.2 Deemed Receipt</b></p> <p>"Where a notice is sent by post, service of the notice is deemed to be effected by properly addressing, prepaying, and posting a letter containing the notice, and to have been effected, in the case of a notice of a meeting, on the day after the date of its posting and, in any other case, at the time at which the letter would be delivered in the ordinary course of post. Notices sent by facsimile transmission to the facsimile number nominated by any Shareholder for service of notices on him, her or it shall be effective on the date of an error free fax transmission report from the sender's facsimile machine. Notice sent by other electronic mean are taken to be effected by properly addressing and transmitting the electronic transmission and are taken to have been given and received on the date of their transmission."</p>	<p><b>25.2 Deemed Receipt</b></p> <p>A notice to a Shareholder is taken to be effected:</p> <ul style="list-style-type: none"> <li>(a) Where a notice is delivered personally – on that day;</li> <li>(b) Where a notice is sent by post, service of the notice is deemed to be effected by properly addressing, prepaying, and posting a letter containing the notice, and to have been effected, in the case of a notice of a meeting, on the day after the date of its posting and, in any other case, at the time at which the letter would be delivered in the ordinary course of post.</li> <li>(c) Where a notice is sent by facsimile transmission to the facsimile number nominated by any Shareholder for service of notices on him, her or it shall be effective on the date of an error free fax transmission report from the sender's facsimile machine.</li> <li>(d) Notice sent by other electronic means are taken to be effected by properly addressing and transmitting the electronic transmission and are taken to have been given and received on the date of their transmission.</li> <li>(e) Where a notice is made available on the company's website and/or the ASX Market Announcements Platform the notice is deemed to be delivered on the date the notice becomes available for viewing and downloading by a member of the public;</li> <li>(f) Where a notice is given by another manner authorised under clause 25.1 on the date nominated by the Company (acting reasonably) in the notice.</li> <li>(g) Where the Company gives a notice under clause 25.1 by exhibiting it at the registered office of the Company, service of notice is to be taken to be effected when the notice was first so exhibited.</li> </ul>
<b>25.3</b>	<p><b>25.3 Joint Holders</b></p> <p>A notice may be given by the Company to the joint holders of a share by giving the notice to the joint holder first named in the register of members in respect of the share.</p>	<p><b>25.3 Joint Holders</b></p> <p>A notice may be given by the Company to the joint holders of a share by giving the notice in a manner authorised by clause 25.1 to the joint holder first named in the register of Shareholders in respect of the share.</p>



#### 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 11.00am (Melbourne Time) on Sunday, 8 November 2020.**

### 📄 TO VOTE ONLINE

### 📱 BY SMARTPHONE

**STEP 1: VISIT** <https://www.votingonline.com.au/rclagm2020>

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

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



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:

- 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.
- 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 **11.00am (Melbourne Time) on Sunday, 8 November 2020.** 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/rclagm2020>
- 📠 **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



**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 **ReadCloud 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 virtually on Tuesday, 10 November 2020 at 11.00am (Melbourne Time)** 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 and 5 I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions even though Resolutions 1, 4 and 5 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 and 5). 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	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Election of Mr Cristiano Nicolli as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Mr Guy Mendelson as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Increase in maximum aggregate remuneration available to Non-Executive Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Refresh of the Company's Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Renewal of Proportional Takeover Provision	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval of amendments to the Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**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 / / 2020