



# **Applabs Technologies Ltd**

## **ACN 139 977 772**

### **NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM**

**4 November 2015**

**10:00 am (WST)**

**Office of BDO  
38 Station Street  
Subiaco, WA, 6008**

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

Should you wish to discuss any matter please contact the Company by telephone on + 61 8 9388 9968

**Legal Advisor**

**NOVALEGAL**  
CORPORATE LAWYERS

## NOTICE OF ANNUAL GENERAL MEETING

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Notice is given that the Annual General Meeting of Shareholders of Applabs Technologies Limited (ACN 139 977 772) (**Company**) will be held at Office of BDO, 38 Station Street, Subiaco, WA, 6008 on Wednesday 4 November 2015 commencing at 10:00am (WST).

The Explanatory Memorandum to this Notice provides additional information on matter to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 10:00am (WST) on 2 November 2015.

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Schedule 1.

## AGENDA

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### Annual Report

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To table and consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2015, which includes the Financial Report, the Directors' Report and the Auditor's Report.

### Resolution 1 – Adoption of Remuneration Report

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

*“That, for the purpose of s250R(2) of the Corporations Act and for all other purposes, the Remuneration Report be adopted by Shareholders on the terms and conditions in the Explanatory Memorandum.”*

#### Voting Exclusion

In accordance with section 250R of the Corporations Act, a vote on this Resolution must not be cast by, or on behalf of, a member of the Key Management Personnel whose remuneration details are included in the remuneration report, or a Closely Related Party of such member. However, a vote may be cast by such person if:

- (a) the person is acting as a proxy and the proxy form specifies how the proxy is to vote, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
- (b) the person is the Chair voting an undirected proxy which expressly authorises the Chair to vote on a resolution connected with the remuneration of a member of the Key Management Personnel.

### Resolution 2 – Re-election of Director – Mr Charles Thomas

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

*“That, for the purpose of clause 13.2 of the Constitution and for all other purposes, Mr Charles Thomas, a Director who was appointed on 9 December 2013, retires, and being eligible, is elected as a Director.”*

## **Resolution 3 – Approval to Issue Shares to Managing Director**

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

*"That, for the purposes of Listing Rule 10.11 and for all other purposes, the Shareholders approve the issue of up to 1,200,000 Shares to the Managing Director (or his nominee) on the terms and conditions set out in the Explanatory Memorandum."*

### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by the Managing Director (or his nominee) and any of their associates. 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.

### **Voting Prohibition Statement**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
  - (iii) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (b) the proxy is the Chair; and
- (c) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

## **Resolution 4 – Approval of 10% Placement Facility**

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

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

### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution 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 a benefit solely in the capacity of a holder of Shares, if this Resolution is passed. 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.

Dated 30 September 2015

**BY ORDER OF THE BOARD**

**Anna MacKintosh**

Company Secretary

# EXPLANATORY MEMORANDUM

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## Introduction

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This Explanatory Memorandum has been prepared for the information of Shareholders of the Company in connection with the business to be conducted at the Meeting to be held at Office of BDO 38 Station Street, Subiaco, WA, 6008 on 4 November 2015 commencing at 10:00am (WST).

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions in the Notice.

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

## Action to be taken by Shareholders

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

## Proxies

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

Please note that:

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

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

## Voting Prohibition by Proxy Holders

In accordance with section 250R of the Corporations Act, a vote on Resolution 1 must not be cast (in any capacity) by, or on behalf of:

- (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 member.

However, a person described above may cast a vote on Resolution 1 as proxy if the vote is not cast behalf of a person described in paragraphs (a) or (b) above and either:

- (a) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on Resolution; or

- (b) the person is the Chairman and the appointment of the Chairman as proxy:
  - (i) does not specify the way the proxy is to vote on Resolution 1; and
  - (ii) expressly authorises the Chairman to exercise the proxy even if Resolution 1 is connected directly or indirectly with the remuneration of Key Management Personnel.

## Annual Report

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There is no requirement for Shareholders to approve the Annual Report.

Shareholders will be offered the following opportunities:

- (a) discuss the Annual Report which is available online on the Company's ASX announcements platform at [www.asx.com.au](http://www.asx.com.au) under the Company's ASX code "ALA";
- (b) ask questions or make comment on the management of the Company;
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written question to the Chairman about the management of the Company, or to the Company's auditor about:

- (a) the preparation and the content of the Auditor's Report; and
- (b) the conduct of the audit;
- (c) accounting policies by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

## 1. Resolution 1 – Remuneration Report

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Section 250R(2) of the Corporations Act provides that the Company is required to put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

Section 250R(3) of Corporations Act provides that Resolution 1 is advisory only and does not bind the Directors of the Company of itself, a failure of Shareholders to pass Resolution 1 will not require the Directors to alter any of the arrangements in the Remuneration Report.

However, the Corporations Act has been amended by the *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011 (Director and Executive Remuneration Act)* which received the Royal Assent on 27 June 2011 and came into effect on 1 July 2011.

The Director and Executive Remuneration Act introduced new sections 205U and 250Y, amongst others, into the Corporations Act, giving Shareholders the opportunity to remove the Board if the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings (**Two Strikes Rule**).

Under the Two Strikes Rule, where a resolution on the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the managing director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

At the Company's previous annual general meeting the votes cast against the Remuneration Report considered at that annual general meeting were less than 25%. Accordingly, a further resolution relating to the Two Strikes Rule is not relevant for this Annual General Meeting.

In summary, if the Remuneration Report receives a 'no' vote of 25% or more at this Meeting, Shareholders should be aware that if there is a 'no' vote of 25% or more at the next annual general meeting the consequences are that it may result in the re-election of the Board.

The Chairman will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

The Chairman intends to exercise all undirected proxies in favour of Resolution 1. If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, the Shareholder is considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention.

## **2. Resolution 2 – Re-election of Director**

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### **2.1 Re-election of Director by rotation**

Listing Rule 14.4 and clause 13.2 of the Constitution require that at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded down to the nearest whole number), shall retire from office, provided always that no Director (except a managing director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Directors to retire at an annual general meeting are those who have been longest in the office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

A Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election.

Other than the Managing Director, the Company currently has 2 Directors and accordingly one must retire. Accordingly, Mr Charles Thomas will retire in accordance with clause 13.2 of the Constitution and being eligible, seeks re-election.

Details of Mr Thomas' background and experience are set out in the Annual Report.

Resolution 2 is an ordinary resolution. The Board (excluding each individual Director in respect of the Resolution for his re-election only) recommends that Shareholders vote in favour of Resolutions 2. The Chairman of the meeting intends to vote undirected proxies in favour of Resolutions 2.

### **3. Resolution 3– Approval to issue Shares to Managing Director**

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#### **3.1 General**

The Company has agreed (subject to Shareholder approval under Resolution 3) to issue 1,200,000 Shares to the Managing Director, Mr Patrick Glovac, on the terms and conditions set out below.

As announced by the Company on 9 June 2015, the Company has entered into a Deed of Variation with current Managing Director, Mr Patrick Glovac, to amend the terms of his Executive Services Agreement (**Agreement**). As previously announced, Mr Glovac was appointed as Managing Director on 14 August 2014. The Board and Mr Glovac agreed to an annual salary of \$195,000 plus superannuation for a term of 12 months which was announced to the market on 12 February 2015.

The amended terms of the Agreement reduce Mr Glovac's annual salary for the 12 month period commencing 1 July 2015 to \$100,000 plus superannuation, together with 1,200,000 Shares in the Company (**Executive Shares**) (subject to Shareholder approval under Resolution 3). If Shareholders do not approve the issue of the shares to Mr Glovac, Mr Glovac's remuneration for that period will revert to the original terms of the Agreement.

The Board believe that, if Resolution 3 is approved by Shareholders, the new terms of the Agreement will not only strengthen the alignment of the interests of Shareholders and management, but also allow the Company to retain working capital as it continues to operate its current business and pursue new opportunities in the technology sector.

Accordingly, Resolution 3 seeks Shareholder approval for the issue of the Executive Shares to Mr Patrick Glovac (or his nominee).

#### **3.2 Chapter 2E of the Corporations Act**

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The issue of the Executive Shares constitutes giving a financial benefit and Mr Glovac is a related party of the Company by virtue of being a Director.

The Directors (other than Mr Glovac who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Executive Shares because the agreement to issue the Executive Shares, reached as part of the remuneration package for Mr Glovac, is considered reasonable remuneration in the circumstances, and was negotiated on an arm's length basis.

### 3.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the issue of the Executive Shares involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

### 3.4 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolution 3:

- (a) the Executive Shares will be issued to Mr Patrick Glovac (or his nominee);
- (b) the number of Executive Shares to be issued is 1,200,000;
- (c) the Executive Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (d) the Executive Shares will be issued in consideration for the executive services provided by Mr Glovac in his role as Managing Director pursuant to the amended terms of his Agreement and accordingly, no funds will be raised from the issue of the Executive Shares; and
- (e) the Executive Shares will be fully paid ordinary shares issued on the same terms and conditions as existing fully paid ordinary shares in the Company.

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Executive Shares as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of the Executive Shares to Mr Glovac (or his nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

## 4. Resolution 4 – Approval of 10% Placement Facility

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### 4.1 General

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements of a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to:

- (a) the Company's 15% placement capacity under Listing Rule 7.1

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.



The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (see section 4.2(c) below).

As disclosed in the Company's Annual Report and in the subsequent quarterly activity report, the Company continues to actively seek to identify potential acquisitions and other financing opportunities which complement the Company's business and existing operations. The Company may use the 10% Placement Facility to acquire new assets, financing opportunities or investments and also for working capital of the Company.

Resolution 4 is a special resolution. The Directors of the Company believe Resolution 4 is in the best interest of the Company and its Shareholders and unanimously recommend that the Shareholders vote in favour of this Resolution.

## **4.2 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. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 4 for it to be passed.

### **(b) Equity Securities**

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue two classes of Equity Securities, being Shares and Listed Options.

### **(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 any issue or agree to issue, during the 12 month period after the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

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

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

- (A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (B) plus the number of partly paid shares that became fully paid in the 12 months;
- (C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- (D) less the number of fully paid shares cancelled in the 12 months.

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

**D** is 10%

**E** is the number of Equity Securities issued or agreed to be issued under listing rule 7.1A.2 in the 12 months before the date of issue or agreement to issue 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 7.4**

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.

At the date of this Notice, the Company has on issue 42,861,754 Shares and therefore has a capacity to issue:

- (i) 6,429,263 Equity Securities under Listing Rule 7.1; and
- (ii) subject to Shareholder approval being sought under Resolution 4, 4,286,175 Equity Securities under Listing Rule 7.1A.

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 to section 4.2(c) 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 VWAP of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued or 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**).

### **4.3 Listing Rule 7.1A**

The effect of Resolution 4 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 4 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).

#### **4.4 Specific information required by Listing Rule 7.3A**

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

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days immediately before:
  - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 4 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 (in the case of Listed Options, only if the Listed Options are exercised). 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 of the date of the Meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of the consideration for the acquisition of a new asset,

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 current market price of Shares 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 shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company 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

- (ii) two examples of where the issue price or ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.047 50% decrease in Issue Price	\$0.094 Issue Price	\$0.188 100% increase in Issue Price
<b>Current Variable "A"</b> <b>42,861,754 Shares</b>	10% Voting Dilution	4,286,175 Shares	4,286,175 Shares	4,286,175 Shares
	Funds raised	\$201,450	\$402,900	\$805,801
<b>50% increase in current Variable "A"</b> <b>64,292,631 Shares</b>	10% Voting Dilution	6,429,263 Shares	6,429,263 Shares	6,429,263 Shares
	Funds raised	\$302,175	\$604,351	\$1,208,701
<b>100% increase in current Variable "A"</b> <b>85,723,508 Shares</b>	10% Voting Dilution	8,572,351 Shares	8,572,351 Shares	8,572,351 Shares
	Funds raised	\$402,900	\$805,801	\$1,611,602

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 Listed Options (including any Listed Options issued under the 10% Placement Facility) 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 at 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 the Shareholder's holding at the date of the Meeting.
  - (v) The table shows only the effect of issue 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. 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.
  - (vii) The issue price is \$0.094, being the closing price of the Shares on ASX on 29 September 2015.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 4 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 a significant change to the nature or scale of activities) or 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 of the new assets and investments that complement the Company's current business and operations. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
  - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expense associated with such acquisition), continued development and expenditure on the Company's current assets and/or general working capital.

The Company will comply with the disclosure obligations under the 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 the Equity Securities will be determined on a case-by-case basis having regard to the 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 issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (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 Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company. The Company notes that issues under listing rule 7.1A to related parties (whether existing or new Shareholders) are only permitted if the issue falls within Listing Rule 7.2 exception 14, or an exception in Listing Rule 10.12.

Further, if the Company is successful in acquiring new assets, financing opportunities or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new assets, financing opportunities or investments.

- (e) The Company has previously obtained Shareholder approval under Listing Rule 7.1A at its Annual General Meeting on 26 November 2014. In the 12 months preceding the date of the 2015 Annual General Meeting, the Company issued a total of 10 million Equity Securities (being one issue of Listed Options), representing 15% of the total number of Equity Securities on issue at 24 October 2014 (42,426,971 Shares and 25,619,920 Options). Details of the Equity Securities issued in the preceding 12 month period are specified below:
  - (i) Date of issue: 5 December 2014.
  - (ii) Number issued: 10,000,000
  - (iii) Class/Type of Equity Security and summary of terms: Listed Options exercisable at 25 cents each on or before 21 May 2016.
  - (iv) Names of persons who received securities or basis on which those persons were determined: Unrelated consultants to the Company.
  - (v) Issue price: \$0.01 per Listed Option.
  - (vi) Consideration:
    - A. Total cash consideration: \$100,000
    - B. Amount of cash consideration spent and use of funds: As at the date of this Notice of Meeting, these funds have not yet been spent.
    - C. Intended use for remaining cash consideration: These funds are intended to be used to identify potential acquisitions and other financing opportunities and for general working capital.
    - D. Non-cash consideration paid and current value: N/A

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.

## Schedule 1 – Definitions

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In this Notice and the Explanatory Memorandum:

**\$** means Australian Dollars.

**10% Placement Facility** has the meaning given in Section 4.1.

**10% Placement Period** has the meaning given in Section 4.2.

**Annual Report** means the Directors' Report, the Financial Report and the Auditor's Report in respect to the financial year ending 30 June 2014.

**ASX** means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

**Auditor's Report** means the auditor's report on the Financial Report.

**Board** means the board of Directors.

**Business Day** means:

- (a) for determining when a notice, consent or other communication is given, a day that is not a Saturday, Sunday or public holiday in the place to which the notice, consent or other communication is sent; and
- (b) for any other purpose, a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Perth.

**Chair** or **Chairman** means the person appointed to chair the Meeting conveyed by this 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 Applabs Technologies Ltd (ACN 139 977 772).

**Constitution** means the constitution of the Company as at the commencement 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 Securities** has the same meaning as in the Listing Rules.

**Executive Shares** means 1,200,000 Shares to be issued to the Managing Director as described in section 3.

**Explanatory Memorandum** means the explanatory memorandum attached to the Notice.

**Financial Report** means the annual financial report prepared under Chapter 2M of the Corporations Act of 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.

**Listed Options** means listed Options of the Company each with an exercise price of \$0.25 and expiry date of 21 May 2016.

**Listing Rules** means the listing rules of ASX.

**Managing Director** means Mr Patrick Glovac.

**Meeting** has the meaning in the introductory paragraph of the Notice.

**Notice** means this notice of meeting.

**Option** means an option which entitles the holder to subscribe for one Share.

**Proxy Form** means the proxy form attached to the Notice.

**Remuneration Report** means the remuneration report of the Company contained in the Directors' Report.

**Resolution** means resolution contained in the Notice.

**Schedule** means a schedule to this Notice.

**Section** means a section contained in this Explanatory Memorandum.

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

**Shareholder** means a shareholder of the Company.

**Trading Day** means a day determined by ASX to be a trading day in accordance with the Listing Rules.

**VWAP** means volume weight average price.

**WST** means Western Standard Time, being the time in Perth, Western Australia.

In this Notice and the Explanatory Memorandum words importing the singular include the plural and vice versa.



**applabs**

**PROXY FORM  
APPOINTMENT OF PROXY  
APPLABS TECHNOLOGIES LIMITED  
ACN 139 977 772  
ANNUAL GENERAL MEETING**

I/We

of

being a member of Applabs Technologies Limited entitled to attend and vote at the General Meeting, hereby appoint:

Name of proxy (Please note: Leave blank if you have selected the Chair of the General Meeting as your proxy.)

OR

the Chair of the General Meeting as your proxy

or failing the person so named or, if no person is named, the Chairman of the Meeting or the Chairman's nominee, to vote in accordance with the following directions (or if no directions have been given, and subject to the relevant laws, as the proxy sees fit) at the Annual General Meeting of Applabs Technologies Ltd to be held at Office of BDO, 38 Station Street Subiaco WA on Wednesday, 4 November 2015 at 10:00am (WST) and at any adjournment thereof.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), by signing and returning this form I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 and 3 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 3 are connected directly or indirectly with the remuneration of a member of Key Management Personnel, which includes the Chairman.

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

**The Chairman of the Meeting intends to vote all undirected proxies in favour of each Resolution.**

**VOTING ON BUSINESS OF THE GENERAL MEETING**

	FOR	AGAINST	ABSTAIN
Resolution 1 – Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Re-election of Mr Charles Thomas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Issue of shares to Managing Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll. If two proxies are being appointed, the proportion of voting rights this proxy represents is \_\_\_\_%.

**Signature of Member(s):**

**Date:**

\_\_\_\_\_  
**Individual or Member 1**

\_\_\_\_\_  
**Member 2**

\_\_\_\_\_  
**Member 3**

**Sole Director/Company Secretary**

**Director**

**Director/Company Secretary**

**Contact Name:**

**Contact Ph (daytime):**

**Date:**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



**APPLABS TECHNOLOGIES LTD (ACN 139 977 772)**  
**Proxy Notes**

1. **Voting Restrictions applying to Key Management Personnel:** If you appoint a member of the Key Management Personnel of the Company or one of their closely related parties as your proxy, that person will not be able to cast your votes on Resolutions 1 and 3 unless you direct them how to vote, or the Chairman of the Meeting is your proxy. "Key Management Personnel" is defined in the Explanatory Memorandum and includes each of the Directors of the Company, all those executives named in the Company's 2014 Remuneration Report, and any other persons who are the Company's Key Management Personnel at the date of the Meeting.
2. A Shareholder entitled to attend and vote at the Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is entitled to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.
3. If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate or Appointment of Representative prior admission. A form of the certificate may be obtained from the Company's share registry.
4. You must sign this form as follows in the spaces provided:
  - Joint Holding:           where the holding is in more than one name all of the holders must sign.
  - Power of Attorney:    if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy, of the Power of Attorney to this Proxy Form when you return it.
  - Companies:            a Director can sign jointly with another Director or Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicated the office held by signing in the appropriate space.
5. If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.
6. To vote by proxy, please complete and sign the proxy form above and send the proxy form to the Company (together with any power of attorney or other authority, if any, under which the proxy form is signed) as follows:
  - (a)     by post to Applabs Technologies Ltd, PO Box 171, Subiaco, WA 6904; or
  - (b)     by facsimile to the Company on facsimile number (+ 61 8) 9200 5697,so that it is received not later than 48 hours prior to the commencement of the Meeting. Proxy forms received later than this time will be invalid.