

Knosys Limited

ACN 604 777 862

Notice of 2016 Annual General Meeting and Explanatory Memorandum

Notice is given that the Annual General Meeting of Knosys Limited ACN 604 777 862 will be held at the offices of Norton Rose Fulbright Level 15, 485 Bourke Street, Melbourne, Victoria on 29 November 2016 commencing at 10.00am (AEDT)

NOTICE OF 2016 ANNUAL GENERAL MEETING

Notice is given that the 2016 Annual General Meeting of the Shareholders of Knosys Limited ACN 604 777 862 (Company) will be held at the offices of Norton Rose Fulbright, RACV Tower, Level 15, 485 Bourke Street, Melbourne, Victoria on 29 November 2016 commencing at 10.00am (AEDT).

AGENDA

The Explanatory Memorandum which accompanies, and forms part of, this Notice of Meeting describes the various Resolutions to be considered at the Meeting.

Terms and expressions used in this Notice of Meeting have the meaning given to them in the "Definitions" section located at the end of the Explanatory Memorandum.

ORDINARY BUSINESS

Item 1: Financial and other Reports

To receive and consider the Annual Financial Report of the Company, the Directors' Report and the Auditor's Report in respect of the financial year ended 30 June, 2016.

There is no vote on this item of business.

Item 2: Adoption of the Remuneration Report for the year ended 30 June 2016 (Resolution 1) – advisory resolution only

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

"That the Remuneration Report for the Company for the year ended 30 June 2016 be adopted."

Under the Corporations Act, this Resolution is advisory only and does not bind the Company or its Directors. The Directors will consider the outcome of the vote and any comments made by Shareholders at the Meeting when considering the Company's future remuneration policies. However, Shareholders are referred to the Explanatory Memorandum for an explanation of the consequences of 25% or more of eligible votes being cast against this advisory Resolution.

Voting Exclusion:

In accordance with the Corporations Act, a vote on Resolution 1 must not be cast (in any capacity) by or on behalf of a member of the Company's key management personnel (KMP), details of whose remuneration are included in the Remuneration Report, or by any of their closely related parties.

However, this does not prevent those KMP or any of their closely related parties from voting as a proxy for a person who is not a member of the KMP or a closely related party if:

- The person specifies the way the proxy is to vote on this Resolution in the proxy form; or
- The person voting as a proxy is chairing the Meeting and the proxy form expressly authorises the Chair to exercise the proxy even if the Resolution is directly or indirectly connected with the remuneration of a member of the KMP.

Item 3: Re-election of Director – Peter Pawlowitsch (Resolution 2)

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

"That Peter Pawlowitsch, a director retiring on rotation in accordance with the Company's Constitution and being eligible for re-election, is re-elected as a Director of the Company."

Item 4: Approval for additional 10% placement capacity (Resolution 3)

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

"That, for the purpose of ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities, in number, equal to up to 10% of the number of Shares on issue in the Company (at the time of the issue) calculated in accordance with the formula in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions and in the manner detailed in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting Exclusion:

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on the Resolution 3 by a person who may participate in the proposed issue of Equity Securities and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if the Resolution is passed and any associates of those persons.

However, under the ASX Listing Rules, the Company need not disregard a vote on Resolution 3 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.

OTHER BUSINESS

To consider any other business that may be lawfully brought forward.

BY ORDER OF THE BOARD



Stephen Kerr
CFO & Company Secretary
28 October 2016

Information regarding voting and proxies

Snapshot Date – Eligibility to Vote

For the purposes of voting at the Meeting, the Directors have determined that the Shareholding of each Shareholder will be as it appears in the share register at 7.00 pm (AEDT) on 27 November 2016. Accordingly, transactions registered after that time will be disregarded in determining entitlement to vote at the Meeting.

Important voting information

The Company encourages all Shareholders who submit proxies to direct their proxy how to vote on the Resolutions.

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

However, the Chair of the Meeting is not permitted to vote an undirected proxy on Resolution 1 (Remuneration Report) unless the proxy expressly authorises the Chair to exercise the proxy in respect of such Resolution even if it is connected directly or indirectly with the remuneration of a member of the Company's key management personnel.

Shareholders' Questions and Comments

The Chair of the Meeting will give Shareholders a reasonable opportunity to ask questions about or make comments on the Company's 2016 Annual Report and the management or performance of the Company.

The Chair will also give Shareholders a reasonable opportunity to ask the Auditor or their representative (who will be present at the Meeting) questions relevant to:

- the conduct of the audit;
- the preparation and content of the Auditor's Report;
- the accounting policies adopted by the Company in relation to the preparation of its financial statements; and
- the independence of the Auditor in relation to the conduct of the audit.

The 2 ways to ask the Company or the Auditor questions are detailed below. Questions submitted in writing to the Company must relate to matters which are relevant to the Annual General Meeting including matters arising from the Company's 2016 Annual Report or the management or performance of the Company. Written questions to the Auditor must relate to the content of the Auditor's Report or the conduct of the audit.

1. Post or email your question direct to the Company as follows:
Company Secretary
Knosys Limited
Suite 9.08, Level 9, 2 Queen Street
Melbourne, Victoria, 3000
Telephone: +61 3 9046 9700
Email: cosec@knosys.it
2. Attend the Annual General Meeting.

Please note that written questions must be received no later than 5 business days before the Meeting i.e. 22 November, 2016.

The Company is required by law to forward all questions to the Auditor from which the Auditor is required to prepare a list of those questions that are considered to be relevant to the conduct of the audit or the content of the Auditor's Report. The Auditor may omit questions that are the same in substance to other questions. The list of questions prepared by the Auditor will be available at the Meeting.

The Chair of the Meeting will answer as many of the frequently asked questions submitted to the Company as possible at the Annual General Meeting. Individual replies will not be sent. The Auditor will also be given a reasonable opportunity at the Annual General Meeting to answer written questions submitted to the Auditor.

Proxies

A Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy. The proxy may be an individual or a body corporate. A proxy need not be a Shareholder of the Company.

A Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, each proxy may exercise half of the votes (disregarding fractions).

Proxy forms must be signed by the Shareholder or the Shareholder's attorney or, if the Shareholder is a company, must be signed by 2 directors or by a director and a secretary or, if it is a proprietary company that has a sole director who is also the sole secretary (or has no secretary), by that director, or under hand of its attorney or duly authorised officer. If the proxy form is signed by a person who is not the registered holder of the shares (e.g. an attorney), then the relevant authority (e.g. in the case of proxy forms signed by the attorney, the power of attorney or a certified copy of the power of attorney) must either have been exhibited previously to the Company or be enclosed with the proxy form.

For an appointment of a proxy to be valid, the form appointing the proxy and, if the form is signed under a power of attorney or other authority, the authority under which the form is signed (or a certified copy of the authority) must be received at the following addresses or by fax at least 48 hours prior to the Annual General Meeting at which the proxy intends to vote:

- a) **Hand Delivery** – Automic Registry Services, Suite 310, Level 3, 50 Holt Street, Surry Hills NSW 2010;
- b) **Post** – Automic Registry Services, PO Box 2226, Strawberry Hills, NSW 2012;
- c) **Online** – via our share registry at <https://investor.automic.com.au/#/loginsah> and follow the instructions on the proxy form; or
- d) **Facsimile** – +61 (02) 8583 3040

A proxy form accompanies this Notice of Annual General Meeting. Additional proxy forms are available on request from the registered office of the Company or its share registry. The proxy form contains important information and other instructions which Shareholders should carefully read.

Corporate Representatives

A Shareholder which is a body corporate and which is entitled to attend and vote at a meeting of Shareholders of the Company may appoint an individual as a representative to exercise all or any of the powers the body corporate may exercise at meetings of a Company's Shareholders or in the capacity of a Shareholder's proxy. The appointment may be a standing one. Unless otherwise specified in the appointment, the representative may exercise, on the body corporate's behalf, all of the powers that the body could exercise at a meeting or in voting on a resolution. The representative must present satisfactory evidence that they are authorised to act as the company's representative prior to admission to the Meeting.

EXPLANATORY MEMORANDUM

PURPOSE OF INFORMATION

The purpose of this Explanatory Memorandum (which accompanies, and forms part of, the Notice of Meeting) is to provide Shareholders with an explanation of the business to be considered and Resolutions to be proposed at the 2016 Annual General Meeting of Knosys Limited ACN 604 777 862 to be held at 10.00am (AEDT) on 29 November 2016 and to allow Shareholders to determine how they wish to vote on those Resolutions.

Terms and expressions used in this Explanatory Memorandum have the meaning given to them in the "Definitions" section located at the end of this Explanatory Memorandum.

Shareholders are encouraged to carefully read this Explanatory Memorandum and the Notice of Meeting in their entirety before deciding how to vote on each resolution. Shareholders should consult their financial or other adviser if they are undecided about what to do.

SUMMARY OF BUSINESS OF THE MEETING

- Item 1: Consideration of the 2016 Financial and other Reports of the Company.
- Item 2: Adoption of the Remuneration Report for the year ended 30 June 2016 (Resolution 1).
- Item 3: To re-elect Peter Pawlowitsch as a Director of the Company (Resolution 2).
- Item 4: Approval for additional 10% placement capacity (Resolution 3)

ORDINARY BUSINESS

Item 1: Consideration of the 2016 Financial and other Reports

The Corporations Act requires the Directors to lay before the Annual General Meeting the Annual Financial Report of the Company (which includes the Financial Statements and Directors' Declaration), Directors' Report (which includes the Remuneration Report) and Auditor's Report in respect of the financial year ended on 30 June 2016.

In accordance with the Corporations Act, Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on these reports.

Except for the non-binding advisory Resolution in respect of the Remuneration Report (refer to Resolution 1 below) there is no requirement in either the Corporations Act or the Company's constitution for Shareholders to vote on or approve the Annual Financial Report, Directors' Report or Auditor's Report.

Item 2: Adoption of the Remuneration Report for the year ended 30 June 2016 (Resolution 1)

The Remuneration Report is contained in the Directors' Report in the 2016 Annual Report. Shareholders can access a copy of the report at the Company's website, www.knosys.it.

The Remuneration Report provides information about the remuneration arrangements for KMP, which includes non-executive Directors and the most senior executives, for the year ended 30 June 2016.

The Remuneration Report covers the following matters:

- Details of key management personnel (KMP);
- Principles used to determine the nature and amount of remuneration;
- Description and details of non-executive Director remuneration;
- Description and details of executive remuneration;

- Executive equity ownership;
- Key terms of executive service agreements; and
- Related party information.

Shareholders will be given a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report. Shareholders will be asked to vote on the Remuneration Report. The Resolution is advisory only and does not bind the Company or its Directors. The Board 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.

Under the Corporations Act, if at least 25% of the votes cast on the resolution are against the adoption of the relevant Remuneration Report at 2 consecutive Annual General Meetings (each an "AGM", and any such potential 25% or more vote 'against' commonly referred to as a "first strike" or "second strike"), Shareholders will be required to vote at the second of those AGMs on a resolution (known as a "spill resolution") that another general meeting (known as a "spill meeting") be held within 90 days, at which all of the Company's Directors in office at the time of the Directors' resolution to make the Directors' Report containing that second Remuneration Report (other than the Managing Director) must stand for re-election.

Recommendation

Noting that each Director has a personal interest in their own remuneration from the Company set out in the Remuneration Report, the Directors unanimously recommend that shareholders vote in favour of Resolution 1.

Voting exclusions

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of a member of the KMP, details of whose remuneration are included in the Remuneration Report or by any of their closely related parties (such as certain of their family members, dependants and companies they control).

However, this does not prevent a member of the KMP or any of their closely related parties from voting as a proxy for a person who is not a member of those KMP or any of their closely related parties if:

- The person specifies the way the proxy is to vote on Resolution 1 in the proxy form; or
- The person voting as a proxy is chairing the Meeting and the proxy form expressly authorises the Chair to exercise the proxy even if the Resolution is directly or indirectly connected with the remuneration of a member of the KMP.

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on Resolution 1 by marking any one of "For", "Against" or "Abstain" on the proxy form for that item of business. If you have appointed the Chair of the Meeting as your proxy and you do not mark any of "For", "Against" or "Abstain" on the proxy form, you will be authorising the Chair to exercise any proxies held by him in respect of Resolution 1, even if that Resolution is connected directly or indirectly with the remuneration of a member of the KMP. The Chair of the Meeting intends to vote any undirected proxies held by him in favour of Resolution 1.

Item 3: Re-election of Director – Peter Pawlowitsch (Resolution 2)

Pursuant to the Constitution, one third of the Directors are required to retire on rotation each year at annual general meeting of the Company and each of those Directors is eligible for re-election at that meeting.

Peter Pawlowitsch retires on rotation in accordance with the Constitution and, being eligible and having signified his candidature for the office, offers himself for re-election as a Director of the Company.

Details of Mr Pawlowitsch's experience and expertise are contained on page 3 of the Company's 2016 Annual Report.

Recommendation

All Directors (with the exception of Mr Pawlowitsch as an abstention) recommend that Shareholders vote in favour of Resolution 2.

Item 4: Approval for additional 10% placement capacity (Resolution 3)

1. Background

ASX Listing Rule 7.1A provides that an Eligible Entity may seek shareholder approval at its annual general meeting to allow it to issue, or agree to issue, Equity Securities up to 10% of its issued capital during the 12 month period after the entity's annual general meeting at which the approval is obtained (**Additional 10% Placement Capacity**).

The Company is seeking Shareholder approval under Resolution 3 to have the ability to issue Equity Securities under the Additional 10% Placement Capacity. Once approved, the Company may issue Equity Securities under the Additional 10% Placement Capacity without any further Shareholder approval for the Period of Approval (outlined below).

If Shareholders approve Resolution 3, the number of Equity Securities the Company may issue under the Additional 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (described below). The Equity Securities must be in the same class as an existing class of quoted Equity Securities of the Company. The Company currently has only one class of quoted Equity Securities on issue, being Shares.

Resolution 3 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and entitled to vote at the Meeting must be in favour of Resolution 3 for it to be passed. Shareholders' attention is drawn to the voting exclusion statement in relation to Resolution 3 in the Notice of Meeting.

2. ASX Listing Rule 7.1A – Eligibility criteria

The Company will be an Eligible Entity for the purposes of ASX Listing Rule 7.1A provided it has a market capitalisation no greater than \$300 million (excluding restricted securities) (being, as at the date of the Notice of Meeting, approximately \$6,528,000 based on the closing price of Shares on ASX on 7 October 2016) and is not included in the S&P/ASX 300 Index as at the date of the relevant special resolution under ASX Listing Rule 7.1A. The Company is not included in that index. Accordingly, your Directors believe that the Company will be an Eligible Entity at the date of the Meeting.

If Shareholders approve Resolution 3, the maximum number of Equity Securities that the Company may issue under the Additional 10% Placement Capacity will be calculated according to the following formula (set out in ASX Listing Rule 7.1A.2) (**ASX Listing Rule 7.1A.2 Formula**):

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

Where:

- A** = The number of fully paid ordinary shares on issue 12 months before the issue date or date of agreement to issue:
- *plus* the number of fully paid ordinary shares issued in the 12 months under an exception in ASX Listing Rule 7.2;
 - *plus* the number of partly paid ordinary shares that became fully paid in the 12 months;
 - *plus* the number of fully paid ordinary shares issued in the 12 months with approval of holders of ordinary shares under ASX Listing Rule 7.1 or ASX Listing Rule 7.4; and
 - *less* the number of fully paid ordinary shares cancelled in the 12 months.

Note that "A" has the same meaning in ASX Listing Rule 7.1 (described below) when calculating the Company's usual annual 15% placement capacity under that ASX Listing Rule.

D = 10%

E = The number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the issue date or date of agreement to issue that are *not* issued with the approval of holders of ordinary securities under ASX Listing Rule 7.1 or ASX Listing Rule 7.4.

If the Company obtains the approval of its Shareholders to the Additional 10% Placement Capacity:

- any Shares issued under that Additional 10% Placement Capacity will not be counted in variable "A" above until their issue has been ratified under ASX Listing Rule 7.4 or 12 months has passed since their issue; and
- any Shares issued under that Additional 10% Placement Capacity are counted in variable "E" above until their issue has been ratified under ASX Listing Rule 7.4 or 12 months has passed since their issue.

3. Placement capacity under ASX Listing Rules 7.1 and 7.1A

The Additional 10% Placement Capacity is in addition to the Company's usual annual 15% placement capacity under ASX Listing Rule 7.1.

Subject to a number of exceptions set out in ASX Listing Rule 7.2, in general terms, ASX Listing Rule 7.1 limits the maximum number of Equity Securities (for example, shares, options and convertible securities) a listed company may issue or agree to issue without shareholder approval in any 12 months period to 15% of its issued ordinary shares (i.e. 15% of "A" described above).

As at the date of the Notice of Meeting, the Company has 78,099,386 Shares on issue and, therefore, in addition to any other Shares which it can issue under the permitted exceptions to ASX Listing Rules 7.1 and 7.1A, it will have capacity to issue(without the approval of its Shareholders):

- (1) 10,914,907 Shares under ASX Listing Rule 7.1; and
- (2) subject to Shareholders approving Resolution 3, 7,809,938 Shares under ASX Listing Rule 7.1A.

The actual number of Shares that the Company will have capacity to issue or agree to issue under ASX Listing Rule 7.1A will be calculated at the relevant date in accordance with the ASX Listing Rule 7.1A.2 Formula.

4. Period of Approval

Shareholder approval of the Additional 10% Placement Capacity is valid from, and therefore Equity Securities may be issued under the Additional 10% Placement Capacity from, the date of the Meeting until the first to occur of the following:

- (1) the date that is 12 months after the date of the Meeting; and
- (2) the date of the approval by Shareholders of a transaction under ASX Listing Rule 11.1.2 (Proposed change to nature or scale of activities) or ASX Listing Rule 11.2 (Change involving main undertaking),

(the **Period of Approval**).

Upon the expiry of the Period of Approval, unless the Company has before the end of the Period of Approval obtained a further approval under ASX Listing Rule 7.1A.1, its placement capacity will be governed by ASX Listing Rule 7.1 (and ASX Listing Rule 10.11, in the case of placements to related parties).

Any approval under Resolution 3 will cease to be valid if Shareholders approve a transaction under ASX Listing Rule 11.1.2 or 11.2 referred to above.

5. Minimum Issue Price

Under ASX Listing Rule 7.1A.3, any Equity Securities issued under ASX Listing Rule 7.1A must be in an existing quoted class of the Eligible Entity's Equity Securities and the minimum price at which each Equity Security may be issued under the Additional 10% Placement Capacity is 75% of the volume weighted average market price for securities in that class calculated over the 15 trading days on which trades were recorded immediately before:

- (1) the date on which the price at which the securities are to be issued is agreed; or
- (2) if the securities are not issued within 5 trading days of that date, the date on which the securities are issued.

As Shares are the only class of Equity Securities of the Company quoted on ASX at the date of the Meeting, any use by the Company of the Additional 10% Placement Capacity will involve the issue of Shares and no other Equity Securities.

6. Purpose and allocation

As at the date of the Notice of Meeting, the Company does not have any specific intention to use the Additional 10% Placement Capacity.

The Company is seeking approval to take advantage of the ASX's recognition that flexibility is sometimes required if action needs to be taken swiftly. The Additional 10% Placement Capacity may be used to raise funds to support the Company's ongoing business and general working capital purposes or for the acquisition of business opportunities which may arise.

Ultimately, if Resolution 3 is approved, the Company's allocation policy for issues of Equity Securities under the Additional 10% Placement Capacity will be dependent on various considerations including (but not limited to) the purpose of the proposed issue, the alternative methods for raising funds that are available to the Company at the time, the effect of the proposed issue on the control of the Company, the circumstances of the Company and the prevailing market conditions at the time of the proposed issue. The identity of the placees will be determined on a case-by-case basis at or around the time of issue. However, the placees of any Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company. It is unlikely that such a placee will be a person to whom the Company is required to issue a prospectus or other disclosure document under the Corporations Act.

The Company may issue Equity Securities under the Additional 10% Placement Capacity for cash consideration or as non-cash consideration. Where the Company issues any Equity Securities under the Additional 10% Placement Capacity for non-cash consideration (for example, where the Company acquires assets from a vendor), the Company will provide to ASX for release to the market a valuation of the non-cash consideration that demonstrates that the issue price of the securities complies with the minimum issue price under ASX Listing Rule 7.1A.3 (outlined above).

7. Risk of Economic and Voting Dilution

Any issue of Equity Securities under the Additional 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Equity Securities under the issue.

If Resolution 3 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the Additional 10% Placement Capacity, the economic and voting dilution of existing Shareholders through the Company using the Additional 10% Placement Capacity is as shown in the table below. The table has been prepared based on the number of Shares on issue in the Company and the closing price of those securities as at close of trade on ASX on 7 October 2016.

Number of Shares on Issue (variable "A" in Listing Rule 7.1A.2)*	Dilution			
	Dilution based on number of Shares issued (being 10% of the number of Shares at the time of issue)	Funds raised based on an issue price of \$0.12 (50% decrease in current issue price ²)	Funds raised based on an issue price of \$0.24 (Current issue price)	Funds raised based on an issue price of \$0.36 (50% increase in current issue price)
78,099,386 (Current)	7,809,938	\$937,193	\$1,874,386	\$2,811,579
117,149,079 (50% increase)	11,714,907	\$1,405,789	\$2,811,578	\$4,217,367
156,198,772 (100% increase)	15,619,877	\$1,874,385	\$3,748,770	\$5,623,155

*The number of Shares on issue could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or securities issued under a takeover offer) or that are issued with Shareholder approval under ASX Listing Rule 7.1 or 7.4.

The table above uses the following assumptions:

1. The current Shares on issue are the Shares on issue as at the date of the Notice of Meeting.
2. The current issue price set out above is the closing price of the Shares on ASX on 7 October 2016.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Annual General Meeting other than issues under an exception in ASX Listing Rule 7.2 or with Shareholder approval under ASX Listing Rule 7.1 or 7.4.
5. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own Shareholding depending on their specific circumstances.
6. This table does not set out any dilution pursuant to issues under ASX Listing Rule 7.1.
7. 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%.
8. The issue of Equity Securities under the Additional 10% Placement Capacity consists only of Shares.

Shareholders should note that there is a risk that:

- (1) the market price for the Company's Equity Securities may be significantly lower on the issue date than on the date of the Meeting; and
- (2) the Company's Equity Securities may be issued at a price that is at a discount to the market price for those Equity Securities on the issue date.

Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 3.

DEFINITIONS

Unless the context requires otherwise, the terms below have the following meanings in the Notice and Explanatory Memorandum:

1. **Annual General Meeting or Meeting** means the 2016 annual general meeting of the Company convened by the Notice of Meeting and any adjournment or postponement of it.
2. **ASX** means, as the context requires, the Australian Securities Exchange or ASX Limited.
3. **ASX Listing Rules** means the listing rules of ASX (as amended or waived from time to time).
4. **Board** means the board of Directors of the Company.
5. **Company** means Knosys Limited ACN 604 777 862.
6. **Constitution** means the constitution of the Company.
7. **Corporations Act** means the *Corporations Act 2001* (Cth).
8. **Director** or **Directors** means a director or the directors of the Company from time to time.
9. **Equity Securities** has the meaning given in the ASX Listing Rules and includes for example shares, options and convertible securities.
10. **Explanatory Memorandum** means this Explanatory Memorandum accompanying the Notice.
11. **Notice** or **Notice of Meeting** means this document which comprises the Company's Notice of Annual General Meeting and the accompanying Explanatory Memorandum.
12. **Resolutions** means the resolutions set out in the Notice of Meeting.
13. **Shareholder** means a person or entity entered in the Company's register of members from time to time as the holder of Shares.
14. **Shares** means a fully paid ordinary share in the Company.

A reference to time in the Notice and Explanatory Memorandum is to Australian Eastern Daylight Time (AEDT).

If you are attending the meeting in person, please bring this with you for Securityholder registration.

Vote by Proxy

KNO:

Holder Number:



Option A – Please choose to vote online, because:

- ✓ **Save Your Money:** This company you own a part of has to spend thousands of dollars each year in print and postage costs. Online voting will reduce this unnecessary expense.
- ✓ **It's Quick and Secure:** Voting online provides you with greater privacy over your instructions, eliminates any postal delays and removes the risk of it being potentially lost in transit.
- ✓ **Receive Vote Confirmation:** Voting online is the only method which provides you with confirmation that your vote has been processed. It also allows you to amend your vote if required.



To Access online voting you can scan the barcode to the right with your tablet or mobile device or you can enter the following link into your browser. Voting online is quick and easy to do.

<https://investor.automic.com.au/#/loginsah>

STEP 1: Please appoint a Proxy

Option B – Appoint a proxy, by paper:

I/We being a Shareholder entitled to attend and vote at the Annual General Meeting of the Company, to be held at **10.00 am (AEDT) on Tuesday, 29 November 2016 at the offices of Norton Rose Fulbright, RACV Tower, Level 15, 485 Bourke Street, Melbourne, Victoria 3000** hereby:

Appoint the Chair of the Meeting (Chair) OR if you are not appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person so named or, if no person is named, the Chair, or the Chair'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 and at any adjournment thereof.

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.

Unless indicated otherwise by ticking the "for," "against" or "abstain" box you will be authorising the Chair to vote in accordance with the Chair's voting intention.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company, which includes the Chair.

STEP 2: Voting Direction

Resolutions	For	Against	Abstain
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Director – Peter Pawlowitsch	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval for additional 10% placement capacity (Special Resolution)	<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.

STEP 3

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Individual or Securityholder 1

Securityholder 2

Securityholder 3

Sole Director and Sole Company Secretary

Director

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2016

Email Address _____

HOW TO COMPLETE THIS PROXY VOTING FORM

LOGGING YOUR PROXY VOTE

This Proxy Voting Form (and any Power of Attorney under which it is signed) must be received at an address given below by 10.00am (AEDT) on Sunday, 27 November, 2016, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting Forms received after that time will not be valid for the scheduled Meeting.

Proxy Voting Forms can be lodged:

ONLINE

<https://investor.automic.com.au/#/loginsah>



Login to the Automic website using the holding details as shown on the Proxy Voting Form. Click on 'View Meetings' – 'Vote'. To use the online lodgement facility, shareholders will need their Holder Number (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on front of the Proxy Voting form.

BY MAIL

Automic Registry Services
PO Box 2226
Strawberry Hills NSW 2012

BY HAND

Automic Registry Services
Suite 310, Level 3, 50 Holt Street, Surry Hills NSW 2010

BY FAX

+61 (02) 8583 3040

ALL ENQUIRIES TO

Telephone: 1300 288 664 Overseas: + 61 2 9698 5414

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise, if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services on 1300 288 664 or you may copy this form.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

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

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

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.