

Notice of Annual General Meeting and Explanatory Notes

Funtastic Limited ACN 063 886 199

Date: Friday 20 December 2013
Time: 10:00am AEDT
Place: Funtastic Head Office
Level 2, Tower 2, Chadstone Place
1341 Dandenong Road, Chadstone Victoria

Important notice

In this document you will find:

1. Notice of Annual General Meeting; and
2. Explanatory Notes containing an explanation of, and information about, the resolutions to be put to the meeting.

A Proxy Form is also enclosed with the Notice of Annual General Meeting and Explanatory Notes.

The Explanatory Notes contain an explanation of, and information about, the matters to be considered at the Annual General Meeting of Funtastic Limited. The Explanatory Notes are given to Funtastic Limited's shareholders to help them determine how to vote on the resolutions set out in the accompanying Notice of Meeting.

Shareholders should read this document in full.

This document is dated 19 November 2013.

Notice of Annual General Meeting

Notice is given that the annual general meeting of shareholders of Funtastic Limited (ACN 063 886 199) (**Funtastic** or **the Company**) will be held on Friday 20 December 2013, at Funtastic Head Office, Level 2, Tower 2, Chadstone Place, 1341 Dandenong Road, Chadstone, Victoria, commencing at 10:00am AEDT.

Ordinary Business

1. Financial statements and reports

To receive and consider:

- (a) the financial statements;
- (b) the Directors' report; and
- (c) the auditor's report,

in respect of the year ending 31 July 2013.

2. Remuneration Report

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

'In accordance with Section 250R of the Corporations Act, the Company adopts the Remuneration Report as set out in the Directors' report on pages 21 to 29 of the 2013 Annual Report, for the year ending 31 July 2013.'

Note:

The vote on this resolution is advisory only and does not bind the Directors of the Company.

Voting Exclusion Statement:

- (a) The Company's key management personnel and their closely related parties must not cast a vote on the Remuneration Report unless the vote is cast as a proxy on behalf of a person who is entitled to vote on this resolution and either:
 - (i) the Proxy Form specifies the way the proxy is to vote on this resolution; or
 - (ii) the proxy is the Chairman and the appointment of the Chairman as proxy:
 - (i) does not specify the way the proxy is to vote on this resolution; and
 - (ii) expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel of the Company.
- (b) The Chairman intends to vote all undirected proxies (where he has been appropriately authorised) in favour of this resolution. If you wish to vote

against this resolution or you wish to abstain from voting on this resolution you should mark the relevant box in the attached Proxy Form. Please see the directions on the Proxy Form relating to authorisation of the Chairman to vote undirected proxies.

3. Re-election of Director, Mr Stephen Heath

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

'That Mr Stephen Heath, a Director retiring in accordance with Rule 35(c) of the Constitution, and being eligible, is re-elected as a Director of Funtastic.'

The Chairman intends to vote all undirected proxies in favour of this resolution.

4. Re-election of Director, Ms Linda Norquay

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

'That Ms Linda Norquay, a Director retiring in accordance with Rule 35(c) of the Constitution, and being eligible, is re-elected as a Director of Funtastic.'

The Chairman intends to vote all undirected proxies in favour of this resolution.

Special Business

5. Approval of Prior Issue of Shares under the Manufacturing and Distribution Agreement relating to the CHILL FACTOR™ device

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

'That, for the purposes of ASX Listing Rule 7.4, approval is given in respect of the issue of 2,577,136 fully paid ordinary shares in the Company on 4 April 2013 on the terms and conditions as set out in the Explanatory Notes.'

Voting Exclusion Statement:

The Company will disregard any votes cast on this resolution by any person who participated in the issue the subject of this resolution and any of their associates. However, the Company need not disregard a vote if:

- (a) 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
- (b) 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.

The Chairman intends to vote all undirected proxies in favour of this resolution.

6. Approval of Prior Issue of Shares in relation to the acquisition of the CHILL FACTOR™ and Slushy Magic™ intellectual property

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

'That, for the purposes of ASX Listing Rule 7.4, approval is given in respect of the issue of 25,000,000 fully paid ordinary shares in the Company on 9 October 2013 on the terms and conditions as set out in the Explanatory Notes.'

For personal use only

Voting Exclusion Statement:

The Company will disregard any votes cast on this resolution by any person who participated in the issue the subject of this resolution and any of their associates. However, the Company need not disregard a vote if:

- (a) 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
- (b) 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.

The Chairman intends to vote all undirected proxies in favour of this resolution.

7. Approval of Prior Issue of underwritten Shares relating to the Dividend Reinvestment Plan

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

'That, for the purposes of ASX Listing Rule 7.4, approval is given in respect of the issue of 9,413,192 fully paid ordinary shares in the Company on 22 May 2013 on the terms and conditions as set out in the Explanatory Notes.'

Voting Exclusion Statement:

The Company will disregard any votes cast on this resolution by any person who participated in the issue the subject of this resolution and any of their associates. However, the Company need not disregard a vote if:

- (a) 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
- (b) 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.

The Chairman intends to vote all undirected proxies in favour of this resolution.

8. Approval of Prior Issue of Shares under Placement

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

'That, for the purposes of ASX Listing Rule 7.4, approval is given in respect of the issue of 88,235,294 fully paid ordinary shares in the Company on 30 July 2013 on the terms and conditions as set out in the Explanatory Notes.'

Voting Exclusion Statement:

The Company will disregard any votes cast on this resolution by any person who participated in the issue the subject of this resolution and any of their associates. However, the Company need not disregard a vote if:

- (a) 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

- (b) 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.

The Chairman intends to vote all undirected proxies in favour of this resolution.

9. Approval of Issue of Options to Director – Mr Nir Pizmony

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

‘That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to issue up to 6,333,333 options to Mr Nir Pizmony or his nominee in accordance with the terms and conditions set out in the Explanatory Notes.’

Voting Exclusion Statement:

The Company will disregard any votes cast on this resolution by Mr Nir Pizmony or any of his associates. However, the Company need not disregard a vote if:

- (a) 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
- (b) 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.

Further, the Company's key management personnel and their closely related parties must not cast a vote on this resolution unless the vote is cast as a proxy on behalf of a person who is entitled to vote on the resolution and either:

- (c) the Proxy Form specifies the way the proxy is to vote on this resolution; or
- (d) the proxy is the Chairman and the appointment of the Chairman as proxy:
 - (i) does not specify the way the proxy is to vote on this resolution; and
 - (ii) expressly authorises the Chairman to exercise the proxy even if this resolution is connected directly or indirectly with the remuneration of a member of the key management personnel of the Company.

The Chairman intends to vote all undirected proxies (where he has been appropriately authorised) in favour of the resolution in this Item. If you wish to vote against this resolution or you wish to abstain from voting on this resolution you should mark the relevant box in the attached Proxy Form. Please see the directions on the Proxy Form relating to authorisation of the Chairman to vote undirected proxies.

10. Approval of 10% Placement Capacity

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, approval is given for the issue of ordinary equity securities in the Company totalling up to 10% of the Shares on issue (at that time), calculated in

accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Notes.'

Voting Exclusion Statement:

The Company will disregard any votes cast on this resolution by any person who may participate in the issue of equity securities under this resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and any associates of those persons. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) 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.

The Chairman intends to vote all undirected proxies in favour of this resolution.

11. Other business

To transact any other business which may legally be brought before the meeting.

Voting

Entitlement to vote

The Directors have decided that for the purpose of determining entitlements to attend and vote at the Annual General Meeting, Shares will be taken to be held by the persons who are the registered holders at 7pm AEDT on Wednesday, 18 December 2013. Accordingly, Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Proxies

1. A shareholder who is entitled to attend and vote at the meeting may appoint up to two proxies to attend and vote on behalf of that shareholder. If you require an additional Proxy Form, please contact Boardroom Pty Limited at the address below.
2. If a shareholder appoints two proxies, the appointment of the proxies may specify the proportion or the number of that shareholder's votes that each proxy may exercise. If the appointment does not so specify, each proxy may exercise half of the votes. Fractions of votes will be disregarded.
3. Where a shareholder appoints more than one proxy, neither proxy is entitled to vote on a show of hands.
4. A proxy need not be a shareholder of Funtastic.
5. To be effective, Funtastic must receive the completed Proxy Form and, if the form is signed by the shareholder's attorney, the authority under which the Proxy Form is signed (or a certified copy of the authority) by no later than 10.00am (Melbourne time) on Wednesday, 18 December 2013.
6. Proxies may be lodged with the Company's share registry, Boardroom Pty Limited using the reply paid envelope provided or:

BY MAIL - Share Registry – Boardroom Pty Limited, GPO Box 3993,
Sydney NSW 2001 Australia

BY FAX - +61 2 9290 9655

IN PERSON - Share Registry – Boardroom Pty Limited,
Level 7, 207 Kent Street, Sydney NSW 2000 Australia

Vote online at: www.boardroomlimited.com.au/vote/funtasticagm2013

7. Proxies given by corporate shareholders must be executed in accordance with their constitutions or signed by a duly authorised officer or attorney.
8. A proxy may decide whether to vote on any motion except where the proxy is required by law or the Constitution to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed how to vote on an item of business the proxy may vote on that item only in accordance with the direction. If a proxy is not directed how to vote on an item of business the proxy may vote as he or she thinks fit.
9. If a shareholder appoints the Chairman of the meeting as the shareholder's proxy using the attached Proxy Form and does not specify how the Chairman is to vote on an item of business, the Chairman will be authorised to vote as he decides on all resolutions. The Chairman intends to vote all such proxies in favour of all resolutions. However, the Chairman will not vote such proxies to the extent that the Shareholder is restricted by law from voting on any resolutions.
10. If a shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it appoints an individual as its corporate representative to exercise its powers at the meeting and provides satisfactory evidence of the appointment of its corporate representative.
11. Please refer to other notes appearing on the enclosed Proxy Form.

Corporate representatives

A shareholder that is a body corporate may appoint an individual to act as its representative at the meeting. Unless otherwise specified in the appointment, the representative may exercise all or any of the powers that the body corporate may exercise at the meeting or in voting on a resolution.

Appointments may be lodged in advance of the meeting at Funtastic's share registry (details above), or handed in at the meeting when registering.

The accompanying Explanatory Notes form part of this Notice of Meeting.

By order of the Board

Date 19 November 2013

A handwritten signature in black ink, appearing to read 'Grant Mackenzie', written in a cursive style.

Signed

Name Grant Mackenzie
Company Secretary

Explanatory Notes

These Explanatory Notes are intended to provide shareholders of Funtastic with information to assess the merits of the proposed resolutions in the accompanying Notice of Meeting.

The Directors recommend that shareholders read these Explanatory Notes in full before making any decision in relation to the resolutions.

Ordinary Business

1. Financial statements and reports

The *Corporations Act 2001* (Cth) (**Corporations Act**) requires the financial report (which includes the financial statements and Directors' declaration), the Directors' report and auditor's report to be laid before the Annual General Meeting. There is no requirement either in the Corporations Act or the Constitution for shareholders to approve the financial report, the Directors' report or the auditor's report. Shareholders will be given a reasonable opportunity at the meeting to ask questions and make comments on these reports, and on the business and operations of Funtastic.

The financial report and the Directors' and auditor's reports relate to the year ending 31 July 2013.

The Directors unanimously recommend that shareholders vote in favour of adopting the financial statements and reports.

2. Remuneration Report

As required by the Corporations Act, the Board is presenting the Company's Remuneration Report to shareholders for consideration and adoption by a non-binding vote.

The Remuneration Report is included in the Directors' report and set out on pages 21 to 29 of the 2013 Annual Report. It is also available from the Company's website (www.funtastic.com.au).

The Remuneration Report:

- describes the policies behind, and structure of, the remuneration arrangements of the Company and the link between the remuneration of employees and the Company's performance;
- sets out the remuneration arrangements in place for each Director and for specified senior executives of the Company; and
- explains the difference between the basis for remunerating non-executive Directors and executives, including executive Directors.

The vote on this resolution is advisory only and does not bind the Directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of Funtastic.

Shareholders will be given the opportunity to ask questions and to make comments on the Remuneration Report.

The Directors unanimously recommend that shareholders vote in favour of adopting the Remuneration Report.

3. Re-election of Director, Stephen Heath

Appointed to the Board in October 2010 as an independent non-executive director. Mr Heath is a member of the Audit, Risk and Compliance Committee, the Nomination Committee and Chairman of the Remuneration and Evaluation Committee.

Stephen has extensive retail experience comprising 18 years across iconic Australian Retail Brands including Harvey Norman, Rebel Sport, and Godfreys. Mr Heath was previously Managing Director of International Cleaning Solutions Holdings which has retail and wholesale interests in Australia, N.Z, and the UK. Prior to this Mr Heath was CEO of Rebel Sport during its public listing on the ASX. Mr Heath also spent 5 years with Sharp Corporation managing the retail accounts of major retailers such as Harvey Norman, Myers, David Jones & Kmart. Mr Heath is currently Managing Director and CEO of Fantastic Holdings Limited.

The Directors (other than Mr Heath) recommend that shareholders vote in favour of the resolution in Item 3.

4. Re-election of Director, Linda Norquay

Appointed to the Board in September 2011 as an Independent Non-executive director. Ms Norquay is a member of the Audit, Risk and Compliance Committee, the Nomination Committee and the Remuneration and Evaluation Committee.

Ms Norquay is currently Chief Financial Officer at Illyria Pty. Ltd. Ms Norquay brings a wealth of financial and strategic experience to Funtastic Limited and has previously held senior financial and management roles at Allco Finance Group, Macquarie Bank Limited and Barclays Bank Plc in London.

The Directors (other than Ms Norquay) recommend that shareholders vote in favour of the resolution in Item 4.

5. Approval of Prior Issue of Shares under the Manufacturing and Distribution Agreement relating to the CHILL FACTOR™ device

5.1 Background

On 4 April 2013, Funtastic issued 2,577,136 fully paid ordinary shares in the Company (**Licensee Shares**) to the licensor under a manufacturing and distribution agreement (**Manufacturing Agreement**) in consideration for being appointed as the exclusive manufacturer and distributor of the CHILL FACTOR™ beverage device in the United States and Canada.

The issue of the Licensee Shares did not breach ASX Listing Rule 7.1.

Approval is now sought pursuant to ASX Listing Rule 7.4 to the issue of the Licensee Shares which, if approved, will refresh the Company's ability to issue that number of securities in the future without seeking shareholder approval in accordance with ASX Listing Rule 7.1.

5.2 ASX Listing Rule 7.1

Subject to a number of exceptions, ASX Listing Rule 7.1 limits the number of securities that a company may issue without shareholder approval in any 12 month period to 15% of its issued securities.

ASX Listing Rule 7.4 allows for shareholders to subsequently approve an issue of securities, provided the issue was not in breach of ASX Listing Rule 7.1. Shareholders are being asked to approve the issue of the Licensee Shares in accordance with ASX Listing Rule 7.4.

If the Licensee Shares are treated as having been made with shareholder approval pursuant to ASX Listing Rule 7.4, the Company's capacity to issue further securities is restored. The Directors consider it prudent to retain the capacity to issue further securities and, accordingly, seek shareholders' approval to the issue of the Licensee Shares as set out in the resolution contained in Item 5.

5.3 Summary of the issue of shares under the resolution in Item 5

- (a) The number of Shares for which shareholder approval is being sought is 2,577,136.
- (b) The Licensee Shares were issued at an issue price of \$0.2272335 per Share.
- (c) From their date of issue, the Licensee Shares ranked equally in all respects with the Company's existing Shares.
- (d) At the licensor's election, 1,288,568 of the Licensee Shares were issued to Bucerri Snow Making Pty Ltd ACN 097 502 595 (**BSM**) and the remaining 1,288,568 of the Licensee Shares were issued to Jeffrey Fradin.
- (e) The Licensee Shares were initially issued as part consideration for the grant of the licence to manufacture and distribute CHILLFACTOR beverage devices in the United States and Canada under the Manufacturing Agreement. However, it was subsequently agreed that the Company would acquire the Chill Factor and Slushy Magic brands and as such, the Manufacturing Agreement was terminated. As part of this arrangement, it was agreed that the Licensee Shares would instead form part of the consideration payable by the Company for all of the shares in Hydro-Turbine Developments Pty Ltd ACN 107 964 965 under the share sale agreement dated 1 November 2013 with (amongst others) BSM and Jeffrey Fradin. No funds were raised from the issue.

5.4 Recommendation

The Directors unanimously recommend that shareholders vote in favour of the resolution in Item 5.

6. Approval of Prior Issue of Shares in relation to the acquisition of the CHILL FACTOR™ and Slushy Magic™ intellectual property

6.1 Background

On 23 July 2013, Funtastic announced that it was finalising an agreement to acquire the patents, trademarks and other intellectual property which constitute the CHILLFACTOR™ and Slushy Magic™ brands (**Chillfactor Transaction**). The announcement on 23 July 2013 referred to Funtastic acquiring the Chillfactor and Slushy Magic brands for a total consideration of \$10 million, comprising:

- (a) \$5 million in cash; and

- (b) \$5 million in fully paid ordinary shares in the Company based on the issue of 25 million shares at an issue price of \$0.20 (**Chillfactor Shares**).

On 9 October 2013, the Company completed its acquisition of the shares in Chill Factor Global Pty Ltd ACN 165 062 037 (**Chillfactor**) as part of the Chillfactor Transaction and the Chillfactor Shares were issued to the vendor of Chillfactor under the Company's 15% placement capacity.

The issue of the Chillfactor Shares did not breach ASX Listing Rule 7.1.

Approval is now sought pursuant to ASX Listing Rule 7.4 to the issue of the Chillfactor Shares. Such approval will refresh the Company's ability to issue that number of securities in the future without seeking shareholder approval in accordance with ASX Listing Rule 7.1.

6.2 ASX Listing Rule 7.1

A summary of ASX Listing Rules 7.1 and 7.4 is set out in section 5.2 above.

Shareholders are being asked to approve the issue of the Chillfactor Shares in accordance with ASX Listing Rule 7.4.

If the Chillfactor Shares are treated as having been made with shareholder approval pursuant to ASX Listing Rule 7.4, the Company's capacity to issue further securities is restored. The Directors consider it prudent to retain the capacity to issue further securities and, accordingly, seek shareholders' approval to the issue of the Chillfactor Shares as set out in the resolution contained in Item 6.

6.3 Summary of the issue of shares under the resolution in Item 6

- (a) The number of Shares for which shareholder approval is being sought is 25,000,000.
- (b) The Chillfactor Shares were issued at an issue price of \$0.20 per Share.
- (c) From their date of issue, the Chillfactor Shares ranked equally in all respects with the Company's existing Shares.
- (d) The Chillfactor Shares were issued to the vendor of Chillfactor.
- (e) The Chillfactor Shares were issued as part consideration for the acquisition of the Chillfactor and Slushy Magic brands. No funds were raised from the issue.

6.4 Recommendation

The Directors unanimously recommend that shareholders vote in favour of the resolution in Item 6.

7. Approval of Prior Issue of underwritten Shares relating to the Dividend Reinvestment Plan

7.1 Background

On 25 March 2013, the Company announced that it had declared a dividend which would be subject to the Funtastic Dividend Reinvestment Plan (**DRP**) and, on 8 April 2013, the Company announced that the **DRP** would be fully underwritten (**DRP Underwriting**).

On 22 May 2013, the Company issued 9,413,192 fully paid ordinary Shares in the Company to various unrelated sophisticated and institutional investors pursuant

to the DRP Underwriting (**Underwritten Shares**) under the Company's 15% placement capacity. The issue of the Underwritten Shares did not breach ASX Listing Rule 7.1.

Approval is now sought pursuant to ASX Listing Rule 7.4 to the issue of the Underwritten Shares. Such approval will refresh the Company's ability to issue that number of securities in the future without seeking shareholder approval in accordance with ASX Listing Rule 7.1.

7.2 ASX Listing Rule 7.1

A summary of ASX Listing Rules 7.1 and 7.4 is set out in section 5.2 above.

Shareholders are being asked to approve the issue of the Underwritten Shares in accordance with ASX Listing Rule 7.4.

If the Underwritten Shares are treated as having been made with shareholder approval pursuant to ASX Listing Rule 7.4, the Company's capacity to issue further securities is restored. The Directors consider it prudent to retain the capacity to issue further securities and, accordingly, seek shareholders' approval to the issue of the Underwritten Shares as set out in the resolution contained in Item 7.

7.3 Summary of the issue of shares under the resolution in Item 7

- (a) The number of Shares for which shareholder approval is being sought is 9,413,192.
- (b) The Underwritten Shares were issued at an issue price of \$0.1993 per Share.
- (c) From their date of issue, the Underwritten Shares ranked equally in all respects with the Company's existing Shares.
- (d) The Underwritten Shares were issued to various unrelated sophisticated and institutional investors who satisfied the definitions contained in sections 708(8) and 708(11) of the Corporations Act.
- (e) The Underwritten Shares were issued under the under the DRP Underwriting. Accordingly, no funds were raised from the issue.

7.4 Recommendation

The Directors unanimously recommend that shareholders vote in favour of the resolution in Item 7.

8. Approval of Prior Issue of Shares under Placement

8.1 Background

On 23 July 2013, the Company announced that it had completed an institutional placement of 88,235,294 fully paid ordinary Shares in the Company (**Placement Shares**) to raise \$15 million (**Placement**). The proceeds of the Placement were used to fund the cash component of the consideration under the Chillfactor Transaction and for general working capital purposes. The Placement Shares issued under the Placement were issued as follows:

- (a) 54,434,410 Placement Shares were issued under the Company's placement capacity under ASX Listing Rule 7.1A; and
- (b) 33,800,884 Placement Shares were issued under the Company's placement capacity under ASX Listing Rule 7.1.

The issue of the Placement Shares did not breach ASX Listing Rules 7.1 or 7.1A.

Approval is now sought pursuant to ASX Listing Rule 7.4 to the issue of the Placement Shares. Such approval will refresh the Company's ability to issue additional securities in the future without seeking shareholder approval.

8.2 ASX Listing Rules 7.1 & 7.1A

A summary of ASX Listing Rules 7.1 and 7.4 is set out in section 5.2 above.

In addition to ASX Listing Rule 7.1, ASX Listing Rule 7.1A provides that a company may, subject to approval from its shareholders at its Annual General Meeting and other specified exceptions, issue or agree to issue, additional securities in the 12 month period following the company's Annual General Meeting which represent up to 10% of the number of fully paid ordinary securities on issue at the commencement of the 12 month period ending on the date of the relevant issue without obtaining further approval from its shareholders.

Issues of securities under Listing Rule 7.1A can also, after they have been made, be subsequently approved by shareholders under Listing Rule 7.4. If securities issued under Listing Rule 7.1A are approved under Listing Rule 7.4, a company's power to issue further securities within this additional 10% placement capacity without obtaining further shareholder approval is restored.

Accordingly, shareholders are being asked to approve the issue of the Placement Shares in accordance with ASX Listing Rule 7.4.

If the Placement Shares are treated as having been made with shareholder approval pursuant to ASX Listing Rule 7.4, the Company's capacity to issue further securities under Listing Rules 7.1 and 7.1A is restored. The Directors consider it prudent to retain the capacity to issue further securities and, accordingly, seek shareholders' approval to the issue of the Placement Shares as set out in the resolution contained in Item 8.

8.3 Summary of the issue of shares under the resolution in Item 8

- (a) The number of Shares for which shareholder approval is being sought is 88,235,294, comprising:
 - (i) 33,800,884 Shares issued under ASX Listing Rule 7.1; and
 - (ii) 54,434,410 Shares issued under ASX Listing Rule 7.1A.
- (b) The Placement Shares were issued at an issue price of \$0.17 per Share.
- (c) From their date of issue, the Placement Shares ranked equally in all respects with the Company's existing Shares.
- (d) The Placement Shares were issued to various unrelated sophisticated and institutional investors who satisfied the definitions contained in sections 708(8) and 708(11) of the Corporations Act.
- (e) The Placement Shares were issued under the Placement to raise \$15 million. These funds were used for the cash component of the consideration payable under the Chillfactor Transaction and to strengthen the Company's balance sheet.

9. Approval of Issue of Options to Mr Nir Pizmony

9.1 Background

On 18 December 2012, shareholders approved the issue of up to a total of 6,333,333 options (**Pizmony Options**) to Mr Nir Pizmony, a director of the Company. The Pizmony Options were to be issued on the following key terms:

- (a) 1,333,333 options would be exercisable at \$0.135 at any time between the date of issue and 10 August 2014 (**August Options**);
- (b) 2,500,000 options would be exercisable at \$0.10 (**Tranche 1 Options**);
- (c) 2,500,000 options would be exercisable at \$0.135 (**Tranche 2 Options**);
- (d) If the Company entered into a distribution agreement with Spin Master Ltd and its wholly owned subsidiaries with a term of at least 2 years (**Spinmaster Distribution Agreement**) before 31 December 2012, then the Tranche 1 Options would have vested on 31 December 2012 and the Tranche 2 Options will vest on 31 December 2013; and
- (e) If the Company enters into the Spinmaster Distribution Agreement during the 2013 calendar year then the Tranche 1 Options and the Tranche 2 Options will vest on 31 December 2013; and
- (f) Tranche 1 Options and Tranche 2 Options will, if they vest, expire on 31 December 2014.

The ASX Listing Rules require any securities approved for issue to a related party to be issued within one month of shareholder approval being obtained. However, due to an administrative error, the Pizmony Options were not issued to Mr Pizmony within one month of the date of shareholder approval being given. Consequently, Funtastic is required to obtain shareholder approval under ASX Listing Rule 10.11 again for the issue of the Pizmony Options.

The Directors consider that shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in connection with the issue of the Pizmony Options as the issue of the Pizmony Options forms part of Mr Pizmony's reasonable remuneration.

The Spinmaster Distribution Agreement was entered into during the 2013 calendar year. Consequently, the Tranche 1 Options and the Tranche 2 Options will vest on 31 December 2013.

9.2 Information required under ASX Listing Rule 10.13

In accordance with ASX Listing Rule 10.13, the following information is provided to shareholders:

- (a) The Pizmony Options will be granted to Mr Nir Pizmony, a Director of Funtastic.
- (b) The maximum number of options that may be issued to Mr Nir Pizmony is 6,333,333.
- (c) The Company will issue the options within 1 month after the date of the Company's 2013 Annual General Meeting.
- (d) No monetary consideration is payable on issue of the options as the Pizmony Options will be issued as an incentive component of Mr Pizmony's remuneration.

- (e) 1,333,333 options will be issued in the following terms (**August Options**):
- (i) Each August Option is exercisable into one fully paid ordinary share in the capital of the Company.
 - (ii) The exercise price per August Option is \$0.135.
 - (iii) Each August Option may be exercised at any time between the date of issue and 10 August 2014.
- (f) 5,000,000 options will be issued on the following terms (**December Options**):
- (i) Each December Option is exercisable into one fully paid ordinary share in the capital of the Company.
 - (ii) 2,500,000 December Options will have an exercise price per option of \$0.10.
 - (iii) 2,500,000 December Option will have an exercise price per option of \$0.135.
 - (iv) If the Company enters into the Spinmaster Distribution Agreement during the 2013 calendar year then the December Options will vest on 31 December 2013.
 - (v) The December Options will vest only if Mr Nir Pizmony is an employee of the Company on 31 December 2013.
 - (vi) The December Options, if they vest, may be exercised at any time between 31 December 2013 and 31 December 2014.
- (g) The funds raised from the exercise of the Pizmony Options, if any, will be used for working capital purposes.

If approval of the resolution in Item 9 is granted under ASX Listing Rule 10.11 shareholder approval is not required for the purposes of ASX Listing Rule 7.1. Accordingly, if shareholders approve the resolution in Item 9 for the purposes of ASX Listing Rule 10.11, the Pizmony Options and the issue of any Shares in the Company on the exercise of the Pizmony Options will not count towards the Company's 15% placement capacity under ASX Listing Rule 7.1.

9.3 Recommendation

The Directors (other than Mr Nir Pizmony) recommend that shareholders vote in favour of the resolution in Item 9.

10. Approval of 10% Placement Capacity

10.1 General

ASX Listing Rule 7.1A provides that an eligible entity may seek shareholder approval at its annual general meeting to allow it to issue equity securities (which term has the meaning given to it in the ASX Listing Rules) to up to 10% of its issued capital over a period up to 12 months after its annual general meeting (**10% Placement Capacity**). The 10% Placement Capacity is in addition to the capacity to issue securities under ASX Listing Rule 7.1 without shareholder approval.

If shareholders approve the resolution in Item 10, the number of equity securities Funtastic may issue under the 10% Placement Capacity will be determined in

accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (refer to section 10.2 below).

The resolution in Item 10 is a special resolution. Accordingly, at least 75% of votes cast by shareholders present and eligible to vote at the meeting (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative) must be in favour of the resolution in Item 10 for it to be passed.

10.2 ASX Listing Rule 7.1A

The ASX Listing Rules provide that an entity that satisfies both of the following tests may seek shareholder approval under ASX Listing Rule 7.1A:

- (a) the entity is not included in the S&P/ASX 300 Index; and
- (b) the entity's market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) is not greater than \$300,000,000.

Funtastic is not included in the S&P/ASX 300 Index and has a market capitalisation, as at 11 November 2013, of \$113,826,852.

Any equity securities issued in reliance of ASX Listing Rule 7.1A must be in the same class as an existing class of quoted equity securities. Funtastic currently has one class of equity securities on issue which are quoted, being the Shares.

ASX Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of equity securities calculated in accordance with the following formula:

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

Where:

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

- (a) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
- (b) plus the number of partly paid shares that became fully paid in the previous 12 months;
- (c) plus the number of Shares issued in the previous 12 months with the approval of shareholders under ASX Listing Rules 7.1 and 7.4; and
- (d) less the number of Shares cancelled in the previous 12 months.

D is 10%.

E is the number of equity securities issued or agreed to be issued under ASX 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 holders of Shares under ASX Listing Rule 7.1 or 7.4.

10.3 Information required by ASX Listing Rule 7.1A

ASX Listing Rule 7.3A requires the following information to be provided in relation to a resolution under ASX Listing Rule 7.1A:

(a) Minimum Price

The minimum price at which the equity securities may be issued is 75% of the volume weighted average price of equity securities in that class, calculated over the 15 ASX 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; or
- (ii) if the equity securities are not issued within 5 ASX trading days of the date in paragraph (i) above, the date on which the equity securities are issued.

(b) 10% placement period

The equity securities may be issued under the 10% Placement Capacity commencing on the date of the 2013 Annual General Meeting and expiring on the first to occur of:

- (i) 12 months after the date of the Company's 2013 Annual General Meeting; or
- (ii) the date of approval by shareholders of any transaction under ASX Listing Rule 11.1.2 (a significant change to the nature or scale of the Company's activities) or ASX Listing Rule 11.2 (disposal of the Company's main undertaking),

or such longer period if allowed by ASX.

(c) Risk of voting dilution

Any issue of equity securities under the 10% Placement Capacity will dilute the interests of shareholders who do not receive any Shares under the issue.

If the resolution in Item 10 is approved by shareholders and the Company issues the maximum number of equity securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below, in the circumstances set out in the table below.

The table below shows the dilution of existing shareholders on the basis of the closing price of the Shares on the ASX on 12 November 2013 and the number of Shares for variable A, calculated in accordance with the formula outlined in ASX Listing Rule 7.1A.2, on the date of this notice.

The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) has increased by 50% and by 100% and the economic dilution where the issue price of Shares issued under the 10% Placement Capacity is 50% less than the closing price of the Shares on the ASX on 12 November 2013 and 100% greater than the closing price of the Shares on the ASX on 12 November 2013.

Variable A in ASX Listing Rule 7.1A.2		Dilution		
		\$0.085	\$0.17	\$0.34
		50% decrease in Issue Price	Issue Price	100% increase in Issue Price
Current Variable A 669,569,723	10% voting dilution	66,956,972 Shares	66,956,972 Shares	66,956,972 Shares
	Funds	\$5,691,342	\$11,382,685	\$22,765,370

	raised			
50% increase in Current Variable A 1,004,354,584	10% voting dilution	100,435,458 Shares	100,435,458 Shares	100,435,458 Shares
	Funds raised	\$8,537,013	\$17,074,027	\$34,148,055
100% increase in Current Variable A 1,339,139,446	10% voting dilution	133,913,944 Shares	133,913,944 Shares	133,913,944 Shares
	Funds raised	\$11,382,685	\$22,765,370	\$45,530,740

The number of Shares on issue (variable A in the formula) 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 scrip issued under a takeover offer) or that are issued with shareholder approval under ASX Listing Rule 7.1.

The table above has been prepared on the basis of the following assumptions:

- (i) The Issue Price set out in the table is the closing price of the Shares on the ASX on 12 November 2013.
- (ii) The Company issues the maximum possible number of equity securities under the 10% Placement Capacity.
- (iii) No rights convertible into Shares are exercised.
- (iv) The Company has not issued any equity securities in the 12 months prior to the date of the 2013 Annual General Meeting that were not issued under an exception in ASX Listing Rule 7.2 or which were not approved under ASX Listing Rule 7.1 or 7.4 and that the resolutions in Items 5, 6, 7 and 8 of this notice are approved by Shareholders.
- (v) This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
- (vi) The issue of equity securities under the 10% placement facility consists only of Shares.

Shareholders should note that there is a risk that:

- (i) the market price for the Shares may be significantly lower on the issue date than on the date of the 2013 Annual General Meeting; and
- (ii) the equity securities issued under the 10% Placement Capacity may be issued at a price that is at a discount to the market price for the Shares on the date of issue or the equity securities may be issued as part of the consideration for the acquisition of an asset,

which may affect the amount of funds raised by the issue.

Shareholders should also note that the calculations in the table 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.

(d) Purpose of Issue under 10% Placement Capacity

The Company may issue equity securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for either or both of working capital purposes or to take advantage of acquisition opportunities; or
- (ii) as non-cash consideration for the acquisition of businesses or product lines to grow the business of the Company. In such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3.

(e) Allocation under the 10% Placement Capacity

The allottees of the equity securities to be issued under the 10% Placement Capacity will depend on prevailing market conditions and will be determined on a case by case basis. However, the allottees of equity securities could consist of current shareholders, new investors or both. Allottees may also include vendors of assets into the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing shareholders may participate;
- (iii) the effect of the issue of the equity securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

10.4 Previous Approval under ASX Listing Rule 7.1A

The Company has previously obtained approval under ASX Listing Rule 7.1A. The following information is provided in accordance with ASX Listing Rule 7.3A.6:

- (a) In the 12 months preceding the date of this Notice of Meeting the Company issued a total of 131,770,118 equity securities representing 24.5% of the equity securities on issue at the commencement of this 12 months period.
- (b) The equity securities issued in the preceding 12 months are set out in the following table:

Issue Date	Ordinary Shares	Issue Price	Closing Price on date of issue	% Discount/Premium to Closing Price on date of issue	Allottee of Shares	Consideration
4 April 2013	2,577,136	\$0.2272335	\$0.20	13.61% premium	Licensor of Chillfactor intellectual property	Non-cash: Grant of licence to distribute and manufacture Chillfactor and Slushy Magic devices
22 May	4,144,496	\$0.1993	\$0.19	4.89%	Existing	\$825,998 used for

2013				premium	shareholders pursuant to DRP	general working capital purposes.
22 May 2013	9,413,192	\$0.1993	\$0.19	4.89% premium	Sophisticated and institutional underwriters of the DRP	\$1,876,059 used for general working capital purposes.
8 July 2013	2,400,000	\$0.1599	\$0.195	18% discount	Employees of Funtastic pursuant to the Employee Share Plan	\$383,760 used for general working capital purposes.
30 July 2013	88,235,294	\$0.17	\$0.17	Nil	Sophisticated and institutional investors	\$15,000,000 used for the cash consideration under the Chillfactor Transaction and general working capital purposes. Of this amount raised, \$5,467,593.32 has been paid to the vendors as cash consideration under the Chillfactor Transaction. The remaining \$9,532,406.68 has been used for general working capital purposes of the Company.
9 October 2013	25,000,000	\$0.20	\$0.185	8.1% premium	Vendors of Chillfactor	Non-cash: Acquisition of Chillfactor

10.5 Voting exclusion statement

A voting exclusion statement is included in the notice. As at the date of the notice, Funtastic has not approached any existing shareholder, security holder or an identifiable class of existing security holders to participate in the issue of any equity securities under Listing Rule 7.1A. Therefore, no existing shareholder's votes will be excluded under the voting exclusion in the notice.

10.6 Recommendation

The Directors unanimously recommend that shareholders vote in favour of the resolution in Item 10.

By order of the Board

Date 19 November 2013

A handwritten signature in black ink, appearing to read 'Grant Mackenzie', written in a cursive style.

Signed

Name Grant Mackenzie
Company Secretary

Additional Information

Please visit the Annual General Meeting page on our website – www.funtastic.com.au – to obtain further information on the meeting.

Will you be attending?

To assist our planning, please let us know whether you will be attending the Annual General Meeting by:

Email: Kirstin.Hunter@funtastic.com.au

Telephone: 03 8531 0002

By Car - there are around 9,600 free car spaces at Chadstone Shopping Centre. The best location to park for the Funtastic Office is in the Woolworths Car Park accessible via either the Dandenong Road or Warrigal Road entrance.

By Train - Chadstone Shopping Centre is located close to four train stations: Oakleigh, Hughesdale and Murrumbeena stations on the Dandenong, Cranbourne or Pakenham lines and Holmesglen Station on the Glen Waverley line. A short bus trip completes the journey to Chadstone from these stations. However, the Hughesdale station is only a short 10-15 minute walk along Poath Road to Chadstone Shopping Centre.

By Bus - Chadstone is easily accessible by bus with 13 suburban bus routes stopping at the centre. From Oakleigh Station take one of the following bus routes: 903 'To Altona' to get to Chadstone; 742, 800, 802, 804 or 862 (towards Chadstone), or - 900 (towards Caulfield). From Murrumbeena Station take bus Route 822 (towards Chadstone). From Holmesglen Station take bus Route 624 or 903.



All Correspondence to:

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

Level 7, 207 Kent Street,
Sydney NSW 2000 Australia

💻 **By Fax:** +61 2 9290 9655

💻 **Online:** www.boardroomlimited.com.au

☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10:00am AEDT on Wednesday, 18 December 2013.**

TO VOTE ONLINE

STEP 1: VISIT www.boardroomlimited.com.au/vote/funtasticagm2013

STEP 2: Enter your holding/investment type:

STEP 3: Enter your Reference Number:

STEP 4: Enter your Voting Access Code:

PLEASE NOTE: For security reasons it is important you keep the above information confidential.

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 Chairman of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chairman 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 Chairman of the Meeting will be your proxy. A proxy need not be a security holder 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 **10:00am AEDT on Wednesday, 18 December 2013.** 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** www.boardroomlimited.com.au/vote/funtasticagm2013

💻 **By Fax** + 61 2 9290 9655

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia

👤 **In Person** Level 7, 207 Kent Street,
Sydney NSW 2000 Australia

Attending the Meeting

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

☐**Your Address**

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

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

PROXY FORM**STEP 1 APPOINT A PROXY**

I/We being a member/s of **Funtastic Limited** and entitled to attend and vote hereby appoint

☐

Appoint the **Chairman of the Meeting (mark box)**

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) 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 Chairman of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at **Funtastic Head Office, Level 2, Tower 2, Chadstone Place, 1341 Dandenong Road, Chadstone Victoria on Friday, 20 December, 2013 at 10:00am AEDT** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chairman authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chairman of the Meeting as my/our proxy or the Chairman of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolution 2 and/or Resolution 9, I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy in respect of these Resolutions even though Resolutions 2 and 9 are connected with the remuneration of a member of key management personnel for Funtastic Limited.

The Chairman of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolutions 2 and 9). If you wish to appoint the Chairman 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.

Ordinary Business

Resolution 2 Remuneration Report

For Against Abstain*

☐☐☐

Resolution 3 Re-election of Director, Mr Stephen Heath

☐☐☐

Resolution 4 Re-election of Director Ms Linda Norquay

☐☐☐**Special Business**

Resolution 5 Approval of Prior Issue of Shares under the Manufacturing and Distribution Agreement relating to the CHILL FACTOR™ device

☐☐☐

Resolution 6 Approval of Prior Issue of Shares in relation to the acquisition of the CHILL FACTOR™ and Slushy Magic™ intellectual property

☐☐☐

Resolution 7 Approval of Prior Issue of underwritten Shares relating to the Dividend Reinvestment Plan

☐☐☐

Resolution 8 Approval of Prior Issue of Shares under Placement

☐☐☐

Resolution 9 Approval of Issue of Options to Director – Mr Nir Pizmony

☐☐☐

Resolution 10 Approval of 10% Placement Capacity

☐☐☐**STEP 3 SIGNATURE OF SHAREHOLDERS**

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

Individual or Securityholder 1

Securityholder 2

Securityholder 3

Sole Director and Sole Company Secretary

Director

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2013