



SKYFII LIMITED

ACN 009 264 699

NOTICE OF GENERAL MEETING

TIME: 11.00am (AEDT)

DATE: Tuesday, 10 May 2016

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

THIS IS AN IMPORTANT DOCUMENT - If you are in any doubt as to how to act, you should consult your financial or legal adviser as soon as possible.

Notice of General Meeting

This Notice of Meeting should be read in conjunction with the accompanying Explanatory Memorandum. Notice is given that a General Meeting of the shareholders of Skyfii Limited (**Company**) to which this Notice relates will be held at 11.00am (AEDT) on Tuesday, 10 May 2016 at Level 40, 2 Park St, SYDNEY NSW 2000.

1.1 Voting Eligibility

The directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those that are registered shareholders at 11.00am (AEDT) on 8 May 2016.

1.2 Voting In Person

To vote in person, attend the General Meeting at the time, date and place set out above.

1.3 Voting by Proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- (a) each member has a right to appoint a proxy;
- (b) the proxy need not be a member of the Company; and
- (c) a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

If a shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:

- (a) appoints an individual as its corporate representative to exercise its powers at the meeting, in accordance with section 250D of the Corporations Act 2001 (Cth); and
- (b) provides satisfactory evidence of the appointment of its corporate representative no later than 48 hours prior to commencement of the meeting.

If such evidence is not received, then the body corporate (through its representative) will not be permitted to act as a proxy.

A Proxy Form accompanies this notice of meeting and to be effective must be received by no later than 11am on 8 May 2016.

Agenda

1 Approval to Issue 16,000,000 Shares to Chapmans Opportunities Limited

To consider, and if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

"That, subject to the approval by shareholders of Resolution 2, for the purposes of Listing Rule 7.1 and for all other purposes, shareholders approve the issue of 16,000,000 shares to Chapmans Opportunities Limited, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting Exclusion Statement:

In accordance with Listing Rule 14.11, the Company will disregard any votes cast on Resolution 1 by Chapmans Opportunities Limited and any other person associated with Chapmans Opportunities Limited and a person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2 Approval to Issue 5,000,000 Options to Chapmans Opportunities Limited

To consider, and if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

"That, subject to the approval by shareholders of Resolution 1, for the purposes of Listing Rule 7.1 and for all other purposes, shareholders approve the issue of 5,000,000 options to acquire up to 5,000,000 ordinary shares in the Company to Chapmans Opportunities Limited, on the terms and conditions described in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting Exclusion Statement:

In accordance with Listing Rule 14.11, the Company will disregard any votes cast on Resolution 2 by Chapmans Opportunities Limited and any other person associated with Chapmans Opportunities Limited and a person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

For personal use only

Explanatory Memorandum

This Explanatory Memorandum has been prepared for the information of shareholders in connection with the General Meeting of shareholders to be held at 11.00am (AEDT) on Tuesday, 10 May 2016 at Level 40, 2 Park St SYDNEY NSW 2000.

Resolutions 1 and 2 – Approval to Issue 16,000,000 Shares and 5,000,000 Options to Chapmans Opportunities Limited

Background

The Company and Chapmans Opportunities Limited (**COL**) entered into a share and option subscription agreement on 25 February 2016 (the **Agreement**) in which the Company agreed to issue and COL agreed to subscribe for shares and options in the Company subject to certain conditions (the **Transaction**).

This Notice of Meeting addresses requirements to convene a valid shareholder meeting for the purpose of approving the Transaction. Resolution 1 deals with the proposed issue of shares and Resolution 2 deals with the proposed issue of options under the Transaction.

Key Terms of the Transaction

The key terms of the Transaction, as it pertains to the proposed issue of shares which are the subject of Resolution 1 and the proposed issue of options which are the subject of Resolution 2, are set out in the table below:

How many shares are proposed to be issued to COL?	16,000,000
What are the terms of the shares?	The shares are ordinary shares and will rank pari passu with the Company's ordinary shares trading on ASX coded SKF.
What is the issue price of the shares proposed to be issued to COL?	\$0.125 per share.
What is the total funding to be raised by the proposed issue of shares?	\$2,000,000
How many options are proposed to be issued to COL?	5,000,000
What are the terms of the options?	The terms of the options are set out in Schedule 1. In the event any options are exercised, the resultant shares issued will rank pari passu with the Company's fully paid ordinary shares trading on ASX coded SKF.
What is the issue price of the options proposed to be issued to COL?	The Options will be issued for nil cash consideration.
What is the exercise price of the options proposed to be issued to COL?	The options are comprised of five tranches of varying exercise prices, being: <ul style="list-style-type: none"> • 1,000,000 options exercisable at \$0.25 per option; • 1,000,000 options exercisable at \$0.35 per option; • 1,000,000 options exercisable at \$0.50 per option; • 1,000,000 options exercisable at \$0.75 per option; and • 1,000,000 options exercisable at \$1.00 per option.
What is the maximum number of shares that will be issued if all the options are exercised?	5,000,000
When do the options expire?	2 years after completion of the Agreement.
What is the total funding to be raised by the option issue?	The option issue itself does not raise funds for the Company. The exercise of the options (in part or in full) will raise funding for the Company based on the number of options exercised multiplied by the exercise price of those individual options. In the event all of the options are exercised, a total of \$2,850,000 will be raised by the Company. There is however no guarantee that any of the options will be exercised.

What are the conditions precedent to the Transaction being completed?	The conditions for completion of the Transaction are shareholder approval of Resolutions 1 and 2 above and COL providing evidence to the Company that it has raised no less than \$7,000,000 by 30 April 2016. Both the Company and COL may terminate the Agreement if the conditions precedent are not fulfilled by 30 April 2016 or otherwise become incapable of being fulfilled. The Company's shareholder meeting to consider and approve the Agreement will not occur until after 30 April 2016. Accordingly the condition pertaining to the Company receiving shareholder approval for the Agreement by 30 April 2016 will not be satisfied. As a result, the Company and COL have agreed to extend the time to meet both the conditions precedent to the date of the Company's shareholder meeting.
When will the shares and options be issued to COL?	No later than three (3) months from the date shareholder approval is given.
When can the options be exercised?	At any time after completion of the Agreement up until 2 years after that date.
How will the Company use the funds raised by the issue of shares, and if exercised, upon the exercise of the options?	The capital raised will be used by the Company to continue to execute on its current and future growth opportunities and for general working capital requirements.
What percentage (%) of the Company will COL hold, once the Transaction is completed?	Based on the Company's current number of shares outstanding as at the date of this Notice (i.e., 168,265,551 shares); <ul style="list-style-type: none"> • the issue of the shares will represent 8.68% of the Company's share capital; and • the issue of the shares and exercise of all of the options will represent 11.1% of the Company's share capital. •
Does COL propose or seek to appoint a nominee to the Company's Board?	No, however note that Mr Anthony Dunlop, a director of COL, is already a director of the Company.

ASX Listing Rules

ASX Listing Rule 7.1 provides that (subject to certain exceptions) prior approval of shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by a company during the last 12 months, exceed 15% of the number of shares on issue at the commencement of that 12 month period.

Resolution 1 is conditional on the approval of Resolution 2 to be considered at the meeting and vice versa. This means that both Resolutions 1 and 2 will only be carried into effect if Resolutions 2 and 1 respectively are approved and carried into effect.

Recommendation

The Board (Mr Anthony Dunlop abstaining) unanimously recommends that shareholders approve Resolutions 1 and 2 as each director intends to do with regard to their own shareholdings in the Company. Other than Mr Anthony Dunlop, no director has an interest in the outcome of Resolutions 1 or 2.

SCHEDULE 1 – TERMS OF OPTIONS

Capital Reconstruction	In the event of any reorganisation (including but not limited to consolidation, subdivision, reduction, capital return, buy back or cancellation) of the issued share capital of the Company, the rights attaching to the options will be reorganised as required by the ASX Listing Rules.
New issues	COL will not be entitled to participate in any new issue of shares as a result of their options holding unless COL has validly exercised its options and become a shareholder of the Company prior to the relevant record date, and is then only entitled to participate in relation to a new issue of shares of which COL is the registered holder.
Bonus Issue	<p>If the Company makes a bonus issue of shares or other securities convertible into shares pro rata to holders of shares (other than an issue in lieu of dividends or by way of dividend reinvestment pursuant to any shareholder election):</p> <ol style="list-style-type: none"> 1 the number of shares issued on exercise of an option will be increased by the number of bonus shares that COL would have received if the options had been exercised prior to the record date for the bonus shares; and 2 no change will be made to the Exercise Price of the options.
Rights Issue	If the Company makes a pro rata issue (as defined in the ASX Listing Rules) to the holders of shares, the Exercise Price of each option will be reduced with the new Exercise Price of each option to be calculated in accordance with ASX Listing Rule 6.22.2.
Other Securities	If the Company from time to time offers shareholders other securities, then the directors of the Company, acting reasonably, will determine in their absolute discretion whether the other securities are to be offered to COL on the exercise of options or whether any other equivalent securities, interest or rights will be offered to them in the event that the other securities are not available and the basis on which such securities will be offered to COL.



All Correspondence to:

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

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded before 11:00am (AEST) on Sunday 8 May 2016.

🖥 TO VOTE ONLINE

- STEP 1: VISIT www.votingonline.com.au/skfmaygm2016
- STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)
- STEP 3: Enter your Voting Access Code (VAC):

📱 BY SMARTPHONE



Scan QR Code using smartphone QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

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

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

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

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

Proxy which is a Body Corporate

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

STEP 3 SIGN THE FORM

The form must be signed as follows:

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

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

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

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

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **11:00am (AEST) on Sunday, 8 May 2016**. 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.votingonline.com.au/skfmaygm2016
- 📠 By Fax + 61 2 9290 9655
- ✉ By Mail Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia
- 👤 In Person Level 12, 225 George Street,
Sydney NSW 2000 Australia

Attending the Meeting

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

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

PROXY FORM

STEP 1 APPOINT A PROXY

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

the Chair of the Meeting (mark box)

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered 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 Chair of the Meeting as my/our proxy at the General Meeting of the Company to be held at Level 40, 2 Park St SYDNEY NSW 2000 on Tuesday, 10 May 2016 at 11:00am (AEST) 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.

The Chair of the Meeting intends to vote undirected proxies in favour of each of the items of business.

STEP 2 VOTING DIRECTIONS

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

		For	Against	Abstain*
Resolution 1	Approval to Issue 16,000,000 Shares to Chapmans Opportunities Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval to Issue 5,000,000 Options to Chapmans Opportunities Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SHAREHOLDERS

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2016

For Shareholders