



**SKYFII LIMITED**

**ACN 009 264 699**

**NOTICE OF 2016 ANNUAL GENERAL MEETING**

TIME: 2.30pm (AEDT)

DATE: Wednesday, 30 November 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.**

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## 1 Notice of Annual General Meeting

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This Notice of Meeting should be read in conjunction with the accompanying Explanatory Memorandum.

Notice is given that the 2016 Annual General Meeting of the shareholders of Skyfii Limited to which this Notice relates will be held at 2.30pm (AEDT) on Wednesday, 30 November 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 2016 Annual General Meeting are those that are registered shareholders at 7.00pm (AEDT) on 28 November 2016.

### 1.2 Voting In Person

To vote in person, attend the Annual 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.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2012 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Annual General Meeting. Broadly, the changes mean that:

- (a) if proxy holders vote, they must cast all directed proxies as directed; and
- (b) any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

#### **Proxy vote if appointment specifies way to vote**

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- (c) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- (d) if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- (e) if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and

- (f) if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

**Transfer of non-chair proxy to Chair in certain circumstances**

Section 250BC of the Corporations Act provides that, if:

- (g) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- (h) the appointed proxy is not the Chair of the meeting; and
- (i) at the meeting, a poll is duly demanded on the resolution; and
- (j) either of the following applies:
  - (i) the proxy is not recorded as attending the meeting;
  - (ii) the proxy does not vote on the resolution,

the Chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

## Agenda

### 1 Remuneration Report

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

*“That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as set out in the Company’s Annual Financial Report for the financial year ended 30 June 2016.”*

**Note:** The vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion Statement:

In accordance with the Corporations Act, the Company will disregard any votes cast on this resolution by Key Management Personnel and any Closely Related Party of any Key Management Personnel as those terms are defined in section 9 of the Corporations Act. However, the Company need not disregard a vote if:

- (a) it is cast by a person who is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (b) it is cast by the Chair of the meeting and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on the resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the company.

### 2 Re-election of a Director – Mr James Scott

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

*“That, for the purposes of the Company’s Constitution and for all other purposes, Mr James Scott, who retires in accordance with the Company’s Constitution, and being eligible, is re-elected as a Director.”*

### 3 Approval of Additional Placement Capacity

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

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

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 3 by a person (and any associates of such a person) who may participate in the 10% Placement Facility and a person who might obtain a benefit, except solely in the capacity of a holder of Shares, if this Resolution is passed.

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However, the Company will not disregard a vote if:

- it is cast by a person as a proxy for a shareholder who is entitled to vote, in accordance with the directions on the proxy form; or
- if it is cast by the Chairman of the Meeting as proxy for a shareholder who is entitled to vote, in accordance with the directions on the proxy form.

#### **4 Approval of Issue of Shares to a Director – James Scott**

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

*“That, in accordance with the Company's Constitution, Listing Rule 10.11 and for all other purposes, the Company approves the issue of up to \$50,000 in shares to or as directed by Mr James Scott, a Director of the Company, such shares to be issued on the terms contained in the Explanatory Statement.*

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 4 (Issue of Shares to a Director) by Mr Scott, or his nominee, and by an associate of Mr Scott, or his nominee, excluded from voting as provided for in Australian Securities Exchange Listing Rule 14.11.

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.

#### **5 Approval of Issue of Shares to a Director – Andrew Johnson**

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

*“That, in accordance with the Company's Constitution, Listing Rule 10.11 and for all other purposes, the Company approves the issue of up to \$50,000 in shares to or as directed by Mr Andrew Johnson, a Director of the Company, such shares to be issued on the terms contained in the Explanatory Statement.*

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 5 (Issue of Shares to a Director) by Mr Johnson, or his nominee, and by an associate of Mr Johnson, or his nominee, excluded from voting as provided for in Australian Securities Exchange Listing Rule 14.11.

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.

## 6 Approval of Issue of Options to a Director – James Scott

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

*“That, in accordance with the Company's Constitution, Listing Rule 10.11 and for all other purposes, the Company approves the issue of up to 3,250,000 options to or as directed by Mr James Scott, a Director of the Company, such options to be issued on the terms contained in the Explanatory Statement.*

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 6 (Issue of Options to a Director) by Mr Scott, or his nominee, and by an associate of Mr Scott, or his nominee, excluded from voting as provided for in Australian Securities Exchange Listing Rule 14.11.

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.

## 7 Approval of Issue of Options to a Director – Andrew Johnson

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

*“That, in accordance with the Company's Constitution, Listing Rule 10.11 and for all other purposes, the Company approves the issue of up to 1,750,000 options to or as directed by Mr Andrew Johnson, a Director of the Company, such options to be issued on the terms contained in the Explanatory Statement.*

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 7 (Issue of Options to a Director) by Mr Johnson, or his nominee, and by an associate of Mr Johnson, or his nominee, excluded from voting as provided for in Australian Securities Exchange Listing Rule 14.11.

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.

## Explanatory Memorandum

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This Explanatory Memorandum has been prepared for the information of shareholders in connection with the Annual General Meeting of shareholders to be held at 2.30pm (AEDT) on Wednesday, 30 November 2016 at Level 40, 2 Park St SYDNEY NSW 2000.

### Resolution 1 – Adoption of Remuneration Report

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#### 1.1 General

The Corporations Act requires that at a listed company's Annual General Meeting, a resolution that the Remuneration Report be adopted must be put to the shareholders. Such a resolution is advisory only and does not bind the Directors or the Company.

Under the Corporations Act, if at least 25% of the votes cast on this resolution are voted against adoption of the Remuneration Report at the 2016 Annual General Meeting, and then again at the Company's 2017 Annual General Meeting, the Company will be required to put to shareholders a resolution proposing the calling of a general meeting to consider the appointment of Directors of the Company (**Spill Resolution**).

If more than 50% of shareholders vote in favour of the Spill Resolution, the Company must convene the general meeting (**Spill Meeting**) within 90 days of the Company's 2017 Annual General Meeting. All of the Directors who were in office when the Company's 2017 Directors' Report was approved, other than the Managing Director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' Report contained in the Annual Financial Report of the Company for the financial year ending 30 June 2016.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the 2016 Annual General Meeting.

#### 1.2 Proxy restrictions

Pursuant to the Corporations Act, if you elect to appoint the Chair, or another member of the Key Management Personnel whose remuneration details are included in the Remuneration Report or any Closely Related Party of that member as your proxy to vote on this Resolution, you must direct the proxy how they are to vote. Where you do not direct the Chair, or another member of Key Management Personnel whose remuneration details are included in the Remuneration Report or Closely Related Parties of that member on how to vote on this Resolution, the proxy is prevented by the Corporations Act from exercising your vote and your vote will not be counted in relation to this Resolution.

#### 1.3 Definitions

**Closely Related Party** of the Key Management Personnel means:

- (a) A spouse or child of the member;
- (b) A child of the member's spouse;
- (c) A dependent of the member or the member's spouse;
- (d) Anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) A company the member controls; or
- (f) A person prescribed by the *Corporations Regulations 2001* (Cth).

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**Key Management Personnel** has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

**Remuneration Report** means the remuneration report set out in the Director's Report section of the Company's Annual Financial Report for the year ended 30 June 2016.

## **Resolutions 2 – Re-election of a Director – Mr James Scott**

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On 21 April 2016, Messrs Gary Flowers, Anthony Dunlop and Chris Taylor resigned as Directors of the Company. As a result, the Board now comprises Mr James Scott (Chairman), Mr Wayne Arthur (Managing Director and CEO) and Mr Andrew Johnson (Non-executive Director).

Mr Arthur, as Managing Director of the Company, is excluded from the normal rotation and re-election of Director process. Mr Johnson was re-elected to the Board at the 2015 Annual General Meeting on 27 November 2015.

As a result, Mr James Scott retires by rotation and is eligible for re-election.

Mr Scott's personal details are provided in the Company's 2016 Annual Report, which was released to ASX on 31 August 2016 and is available on the Company's website at <http://www.skyfii.com>.

### **Recommendation**

*The Board (Mr Scott abstaining) unanimously recommends that shareholders approve Resolutions 2 as each director intends to do with regard to their own shareholdings in the Company.*

## **Resolution 3 – Approval for Additional Placement Capacity**

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### **1.1 General**

Listing Rule 7.1A enables eligible entities to issue 'Equity Securities' up to 10% of their issued share capital through placements over a 12 month period after the Annual General Meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. Skyfii is an eligible entity and is now seeking shareholder approval by way of a **special resolution** to have the ability to issue Equity Securities under the 10% Placement Facility. The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer below). Skyfii may use the 10% Placement Facility to raise working capital, acquire new business assets or investments or accelerate development and marketing plans.

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

#### **(a) Shareholder approval**

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an Annual General Meeting.



**(b) Equity Securities**

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company. As at the date of the Notice, Skyfii has only one class of Equity Securities, being Ordinary Shares.

**(c) Formula for calculating 10% Placement Facility**

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an Annual General Meeting may issue or agree to issue, during the 12 month period after the date of the Annual General Meeting, a number of Equity Securities calculated in accordance with the following formula:

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

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

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

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

**D** is 10%

**E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue (or since the date of quotation if less than 12 months) that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

**(d) Listing Rule 7.1 and Listing Rule 7.1A**

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer above).

**(e) Minimum Issue Price**

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the Volume Weighted Average Price (**VWAP**) of Equity Securities in the same class calculated over the 15 Trading Days on which trades 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 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

**(f) 10% Placement Period**

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the Annual General Meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the Annual General Meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX (**10% Placement Period**).

The effect of Resolution 3 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 4 is a **special resolution** and therefore requires approval of 75% of the votes cast by shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

**1.3 Specific information required by Listing Rule 7.3A**

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

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades 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 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 3 is approved by shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing shareholders' voting power in the Company will be diluted as shown in the below table. There is a risk that:
  - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset or for services delivered to the Company,

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

The below table shows the potential dilution of existing shareholders of the Company issues shares pursuant to the 10% Placement Facility. The table also shows:

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- (i) two examples where variable “A” has increased, by 50% and 100%. Variable “A” is based on the number of Equity Securities the Company has on issue. The number of Equity Securities on issue may increase as a result of issues of Equity Securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future shareholders’ meeting; and
- (ii) two examples of where the issue price of Equity Securities has decreased by 50% and increased by 100% as against the issue price of the Equity Securities at the date of this Notice of Meeting.

Variable ‘A’ in Listing Rule 7.1A.2		Dilution	Dilution	Dilution
		\$0.035 50% decrease in Issue Price	\$0.07 Issue Price	\$0.14 100% increase in Issue Price
<b>Current Variable ‘A’</b> 171,775,566 Shares	10% voting dilution	17,177,557 shares	17,177,557 shares	17,177,557 shares
	Funds raised	\$601,204	\$1,202,428	\$2,404,857
<b>50% increase in current Variable ‘A’</b> 257,663,349	10% voting dilution	25,766,335 shares	25,766,335 shares	25,766,335 shares
	Funds raised	\$901,821	\$1,803,643	\$3,607,286
<b>100% increase in current Variable ‘A’</b> 343,551,132	10% voting dilution	34,355,113 shares	34,355,113 shares	34,355,113 shares
	Funds raised	\$1,202,428	\$2,404,857	\$4,809,715

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
  - (ii) No Options are exercised into Shares before the date of the issue of the Equity Securities;
  - (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
  - (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder’s holding at the date of the Meeting.
  - (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
  - (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares.
  - (vii) The notional issue price is \$0.07.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 3 for the issue of the Equity Securities will cease to be valid in the event that shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking)).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) non-cash consideration for the acquisition business assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
  - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised for general working capital, towards an acquisition of new business assets or

investments (including expense associated with such acquisition) and/or acceleration of development and marketing plans.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to factors including but not limited to the following:

- a. the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
- b. the effect of the issue of the Equity Securities on the control of the Company;
- c. the financial situation and solvency of the Company; and
- d. advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial shareholders and/or new shareholders who are not related parties or associates of a related party of the Company.

A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

The following information is provided for the purposes of Listing Rule 7.3A.6.

Equity securities issued in prior 12 month period	58,007,094
Percentage previous issues represent of total number of equity securities on issue at commencement of 12 month period	51%

Equity securities issued in prior 12 month period	<p>21/09/2016 - Issue 1,825,000 ESP shares (certain eligible employees) and 1,685,065 ordinary shares (certain employees / non ESP grants), Refer 3B released 21092016, all nil cash consideration</p> <p>26/02/2016 - Issue 22,342,028 shares to Skyfii Vendors (refer EGM Notice released 22012016, extinguishment of earn-out rights consideration and 133,334 shares to Gary Flowers, in lieu of Directors Fees</p> <p>23/12/2015 - Issue 4,655,000 ESP shares (certain eligible employees), all nil cash consideration</p> <p>09/11/2015 - 27,366,667 shares issued to S708 Corporations Act Excluded Offerees (sophisticated investors) issue price \$0.15 per share</p>
Date of issue:	Refer above
Number issued:	Refer above

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Class/Type of equity security:	Refer above
Summary of terms:	Refer above
Names of persons who received securities or basis on which those persons was determined:	21/09/2016 - Eligible Employees
Names of persons who received securities or basis on which those persons was determined (cont'd)	26/02/2016 - Skyfii Vendors (refer EGM Notice released 22012016) and Mr Gary Flowers 23/12/2015 - Eligible Employees 09/11/2016 – S708 Corporations Act Excluded Offerees (sophisticated investors)
Price:	Refer above
Discount to market price (if any):	NA
<b>For cash issues</b>	
Total cash consideration received:	\$4,105,000
Amount of cash consideration spent:	\$4,105,000
Use of cash consideration:	Roll-out of the Skyfii business model, including expansion into overseas markets
Intended use for remaining amount of cash (if any):	NA
<b>For non-cash issues</b>	
Non-cash consideration paid:	N/A
Current value of that non-cash consideration:	N/A

#### **Resolution 4 and 5 – Approval of Issue of Shares to Directors – Messrs James Scott and Andrew Johnson**

The annual remuneration of each of the Directors referred to above was set at \$50,000 for the 2016 calendar year. At the Company's shareholder meeting on 22 February 2016, shareholders approved the issue of shares in satisfaction of this remuneration, on the terms set out in the Notice of Meeting released to the ASX on 22 January 2016. This process was undertaken at the time in order to preserve the Company's cash balance for operational expenditure.

As a result of changes to the Board structure in late April 2016, the shares proposed to be issued to Messrs Scott (who has become Chairman of the Company) and Mr Johnson were not issued. In effect, Messrs Scott and Johnson remain un-remunerated for services provided to the Company during calendar year 2016. As it is no longer possible to provide equity remuneration to Messrs Scott and Johnson under the framework of the resolution previously passed by shareholders in February 2016, the Company seeks fresh approval to issue \$50,000 in Skyfii shares to each of Messrs Scott and Johnson.

In accordance with ASX Listing Rule 10.13 the following information is provided in relation to Resolutions 4 and 5:

- The maximum number of Shares to be issued is \$100,000 divided by the volume weighted average price of shares trading on the ASX immediately prior to the issue dates as set out in the table immediately above. The table below shows the number of shares that would be issued at various prices.

	At 5 cents per share	At 7 cents per share	At 10 cents per share
Shares to be issued	2,000,000	1,428,571	1,000,000

- The Shares will be issued at an issue price equivalent to either the 15 trading day volume weighted average price of shares trading on the ASX immediately prior to the issue date or a 5 cents per share floor price (whichever is the higher) (refer preceding table);
- The Shares will be issued and allotted no later than 30 December 2016 (being the date which is one month subsequent to the shareholder meeting); and
- No funds will be raised from the issue of the Shares however issue of the Shares reduces the (cash) payment to be made to Directors as set out above (in effect, reducing the Company's cash outflows for the forthcoming year by \$100,000).

As provided in Exception 14 to Listing Rule 7.2, if shareholder approval is given under Listing Rule 10.11 approval is not required under Listing Rule 7.1. The Shares will rank equally with the Company's fully paid ordinary shares coded and trading as 'SKF'.

#### Recommendation

***The Board (Messrs Scott and Johnson abstaining) unanimously recommends that shareholders approve Resolutions 4 and 5 as each Director intends to do with regard to their own shareholdings in the Company. Other than Messrs Scott and Johnson, no Director has an interest in the outcome of Resolutions 5 and 6.***

#### **Resolution 6 and 7 – Approval of Issue of Options to Directors – Messrs James Scott and Andrew Johnson**

The immediately preceding resolutions 4 and 5 seek shareholder 're-approval' of the equity based annual remuneration of Messrs Scott and Johnson for the 2016 calendar year.

As a result of changes to the Board structure in late April 2016, Messrs Scott (who has become Chairman of the Company) and Mr Johnson were called upon to provide significant additional services to the Company, including but not limited to attending significantly more Board and Non-Board Meetings, participation in regular calls with management and staff related to operational issues and structuring, transactions and fund raisings and increased participation in and representation on Board Committees.

As a result, after external suggestion to the Board from non-related parties, it is proposed that Messrs Scott and Johnson be offered, subject to shareholder approval, additional, equity based remuneration for the 2016 calendar year as set out below. This equity based remuneration is structured as a package of options (the Options) with a scaled exercise price at significant premiums to current share pricing. All Options will have a term of three (3) years from the date of grant and other usual conditions of options as set out in the ASX Listing Rules.

	10 cent exercise price	12.5 cent exercise price	15 cent exercise price	20 cent exercise price	30 cent exercise price
James Scott	650,000	650,000	650,000	650,000	650,000
Andrew Johnson	350,000	350,000	350,000	350,000	350,000

In accordance with ASX Listing Rule 10.13 the following information is provided in relation to Resolutions 6 and 7:

- The maximum number of Options to be issued is 5,000,000 and the maximum number of Shares that would be issued, in the event of exercise of all of the Options is 5,000,000. In the event that all of the Options are issued, \$875,000 working capital will be raised by the Company.

- The Options have been issued for nil consideration and will be unquoted. Any shares issued on exercise of the Options will rank equally with the Company's fully paid ordinary shares coded and trading as 'SKF'.
- The Options will be issued and allotted no later than 30 December 2016 (being the date which is one month subsequent to the shareholder meeting); and

As provided in Exception 14 to Listing Rule 7.2, if shareholder approval is given under Listing Rule 10.11 approval is not required under Listing Rule 7.1.

#### **Recommendation**

***The Board (Messrs Scott and Johnson abstaining) unanimously recommends that shareholders approve Resolutions 6 and 7 as each Director intends to do with regard to their own shareholdings in the Company. Other than Messrs Scott and Johnson, no Director has an interest in the outcome of Resolutions 6 and 7.***

For personal use only



#### 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](http://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 2:30pm AEDT on Monday 28 November 2016.**

### 🖥 TO VOTE ONLINE

- STEP 1: VISIT [www.votingonline.com.au/skfagm2016](http://www.votingonline.com.au/skfagm2016)
- 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 securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

#### Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (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 **2:30pm AEDT on Monday 28 November 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/skfagm2016](http://www.votingonline.com.au/skfagm2016)
- 📠 **By Fax** +61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993,  
Sydney NSW 2001 Australia
- 👤 **In Person** Boardroom Pty Limited  
Level 12, 225 George Street,  
Sydney NSW 2000 Australia

#### 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 and entitled to attend and vote hereby appoint:

the **Chair of the Meeting (mark box)**

**OR** if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of SkyFii Limited to be held at **Level 40, 2 Park Street, Sydney NSW 2000 on Wednesday 30 November 2016 at 2:30pm 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.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 1, 4-7 I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions even though Resolutions 1, 4-7 are connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolutions 1, 4-7). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

**STEP 2 VOTING DIRECTIONS**

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

		For	Against	Abstain*
<b>Resolution 1</b>	Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 2</b>	Re-election of a Director – Mr James Scott	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 3</b>	Approval of Additional Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 4</b>	Approval of Issue of Shares to a Director – James Scott	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 5</b>	Approval Issue of Shares to a Director – Andrew Johnson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 6</b>	Approval of Issue of Options to a Director – James Scott	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 7</b>	Approval of Issue of Options to a Director – Andrew Johnson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**STEP 3 SIGNATURE OF SECURITYHOLDERS**

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2016