MGM Wireless Limited

ABN 93 091 351 530

Notice of 2019 Annual General Meeting

and

Explanatory Statement

The Annual Report is available on the MGM Wireless Limited website at: *www.mgmwireless.com*

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MGM WIRELESS LTD

ABN 93 091 351 530
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2019 Annual General Meeting of the shareholders of MGM Wireless Limited (**Company**) will be held at the Radisson Blu Plaza, 27 O'Connell Street Sydney, NSW on Friday 29th November 2019 at 1.00 pm (AEDT) (**Notice**).

If you are unable to attend the meeting, we encourage you to complete and return the enclosed proxy form. The completed proxy form must be received by the Company at least 48 hours before the commencement of the meeting.

AGENDA

ORDINARY BUSINESS

FINANCIAL REPORT

To receive and consider the financial report and the reports of the Directors and Auditor for the year ended 30 June 2019.

The Annual Financial Report is available at the website of the Company (www.mgmwireless.com).

1. **RESOLUTION 1 - ADOPTION OF REMUNERATION REPORT**

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

"That the Remuneration Report for the financial year ended 30 June 2019 be adopted."

Voting Exclusion

In accordance with the *Corporations Act 2001,* a vote must not be cast on this resolution in any capacity (and will be taken not to have been cast if cast contrary to this restriction) by or on behalf of a member of the key management personnel, details of whose remuneration are included in the Remuneration Report, and any closely related party of such a member. However, such a member or any closely related party of such a member may cast a vote as a proxy if the vote is not cast on behalf of a person described above and either:

- the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the resolution;
- the person is the Chair of the Meeting at which the resolution is voted on and the appointment of the Chair as proxy does not specify the way the proxy is to vote on the resolution and 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.

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

2. **RESOLUTION 2 - RE-ELECTION OF DIRECTOR (MS LEILA HENDERSON)**

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

"That Ms Leila Henderson, being a Director of the Company who retires by rotation in accordance with clause 13.2 of the Company's constitution, and being eligible, is re-elected as a Director of the Company."

A summary of Ms Leila Henderson's qualifications and experience is set out in the Explanatory Statement accompanying this Notice.

SPECIAL BUSINESS

3. **RESOLUTION 3 – RATIFICATION OF A PREVIOUS ISSUE OF SHARES TO SOPHISTICATED INVESTORS – SEPTEMBER 2019**

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

"That approval be given for the purpose of ASX Listing Rule 7.4 and for all other purposes, for the issue of 1,617,648 fully paid ordinary shares to sophisticated investors on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion

The Company will disregard any votes cast in favour of this resolution by or on behalf of a person who participated in the issue and any associate of those persons. However, in respect of this resolution, the Company need not disregard a vote if:

- it is cast by a person who is a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the Chairman of the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. **RESOLUTION 4 – RATIFICATION OF PREVIOUS ISSUES OF CONVERTIBLE NOTES – FEBRUARY 2019 TO OCTOBER 2019**

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

"That approval be given for the purpose of ASX Listing Rule 7.4 and for all other purposes, for the issue of $1,250,000 principal amount of convertible notes from 28 February 2019 to 1 October 2019 to sophisticated investors on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion

The Company will disregard any votes cast in favour of this resolution by or on behalf of a person who participated in the issue and any associate of those persons. However, in respect of this resolution, the Company need not disregard a vote if:

- it is cast by a person who is a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the Chairman of the meeting as a 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. RESOLUTION 5 – ISSUE CONVERTIBLE NOTES PURSUANT TO CONVERTIBLE NOTE FACILITY

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

"That for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the issue of up to $250,000 aggregate principal amount of convertible notes to sophisticated and professional investors and the issue of ordinary shares on conversion of the convertible notes, on the terms and conditions and in the manner set out in the Explanatory Statement."

Voting Exclusion

In accordance with the ASX Listing Rules, the Company will disregard any votes cast in favour of this resolution by a person (and any associate of such a person) who is expected to participate in the proposed issue and a person who will obtain a material benefit as a result of the proposed issue, except a benefit solely in the capacity of a holder of ordinary securities, if this resolution is passed.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

6. RESOLUTION 6 – ISSUE OF OPTIONS TO MR MARK FORTUNATOW

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

"That approval be given for the purpose of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, for the issue of 250,000 options on the terms summarised in the accompanying Explanatory Statement, to Mr Mark Fortunatow, a related party of the Company, or his nominee."

Voting Exclusion

In accordance with the ASX Listing Rules, the Company will disregard any votes cast in favour of this resolution by Mr Mark Fortunatow and any of his associates. However, the Company need not disregard a vote if:

- 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

- it is cast by the person chairing the Meeting as a 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, in accordance with the Corporations Act, a vote must not be cast on this resolution (and will be taken not to have been cast if cast contrary to this restriction) by or on behalf of Mr Mark Fortunatow and any of his associates or by a member of the key management personnel, and closely related party of such a member, acting as proxy if their appointment does not specify the way the proxy is to vote on this resolution. However, these restrictions do not apply:

- in respect of a person who is the chair of the Meeting at which the resolution is voted on and the appointment 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;

- in respect of the casting of a vote if it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the resolution; or is not cast on behalf of Mr Mark Fortunatow and any of his associates.

7. RESOLUTION 7 - ISSUE OF OPTIONS TO MS LEILA HENDERSON

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

"That approval be given for the purpose of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, for the issue of 10,000 options on the terms summarised in the accompanying Explanatory Statement, to Ms Leila Henderson, a related party of the Company, or her nominee."

Voting Exclusion

In accordance with the ASX Listing Rules, the Company will disregard any votes cast in favour of this resolution by Ms Leila Henderson and any of her associates. However, the Company need not disregard a vote if:

- 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

- it is cast by the person chairing the Meeting as a 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, in accordance with the *Corporations Act*, a vote must not be cast on this resolution (and will be taken not to have been cast if cast contrary to this restriction)

by or on behalf of Ms Leila Henderson and any of her associates or by a member of the key management personnel, and closely related party of such a member, acting as proxy if their appointment does not specify the way the proxy is to vote on this resolution. However, these restrictions do not apply:

- in respect of a person who is the chair of the Meeting at which the resolution is voted on and the appointment 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;

- in respect of the casting of a vote if it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the resolution; or is not cast on behalf of Ms Leila Henderson and any of her associates.

8. RESOLUTION 8 – APPROVAL OF ADDITIONAL 10% PLACEMENT CAPACITY OVER A 12 MONTH PERIOD

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

"That for the purpose of ASX Listing Rule 7.1A and for all other purposes, approval be given to issue equity securities (as defined in the ASX Listing Rules) equivalent to an additional 10% of the number of ordinary securities on issue calculated in accordance with the formula in Listing Rule 7.1A.2 and on the terms described in the accompanying Explanatory Statement."

Voting Exclusion

In accordance with the ASX Listing Rules, the Company will disregard any votes cast in favour of this resolution by a person (and any associate of such a person) who is expected to participate in the proposed issue and a person who will obtain a material benefit as a result of the proposed issue, except a benefit solely in the capacity of a holder of ordinary securities, if this resolution is passed.

However, the Company need not disregard a vote if:

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

- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

9. RESOLUTION 9 – RATIFICATION OF A PREVIOUS ISSUE OF OPTIONS

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, approval is given for the previous issue of 400,000 options to Canaccord Genuity (Australia) Ltd (or its nominee) on 10 October 2019 on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion

In accordance with the ASX Listing Rules, the Company will disregard any votes cast in favour of this resolution by or on behalf of a person (and any associate of such a person) who participated in the issue.

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.

10. RESOLUTION 10 – RATIFICATION OF A PREVIOUS ISSUE OF OPTIONS

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, approval is given for the previous issue of 200,000 options to Gleneagle Securities (Aust) Pty Ltd (or its nominee) on 10 October 2019 on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion

In accordance with the ASX Listing Rules, the Company will disregard any votes cast in favour of this resolution by or on behalf of a person (and any associate of such a person) who participated in the issue.

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.

11. RESOLUTION 11 – SHARE SPLIT

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

"That approval be given for the purpose of section 254H of the Corporations Act and for all other purposes, for the issued capital of the Company to be subdivided on the basis that:

- *each share be subdivided into ten (10) shares;*
- *each retention right be subdivided into ten (10) retention rights;*

- *each option exercisable at $1.40 on or before 30 April 2020 be subdivided into ten (10) options, with the exercise price per option amended in inversion proportion to that ratio;*

- *each option exercisable at $4.00 on or before 29 November 2020 be subdivided into ten (10) options, with the exercise price per option amended in inversion proportion to that ratio;*

- *each option exercisable at $6.00 on or before 30 April 2022 be subdivided into ten (10) options, with the exercise price per option amended in inversion proportion to that ratio;*

- *each option exercisable at $8.00 on or before 30 April 2022 be subdivided into ten (10) options, with the exercise price per option amended in inversion proportion to that ratio;*

- *each option exercisable at $10.00 on or before 30 April 2022 be subdivided into ten (10) options, with the exercise price per option amended in inversion proportion to that ratio;*

- *each option exercisable at $5.50 on or before 30 June 2022 be subdivided into ten (10) options, with the exercise price per option amended in inverse proportion to that ratio;*

- *each option exercisable at $6.50 on or before 30 June 2022 be subdivided into ten (10) options, with the exercise price per option amended in inverse proportion to that ratio; and*

- *the convertible notes on issue be reorganised in accordance with ASX Listing Rule 7.21,*

and otherwise on the terms and conditions set out in the accompanying Explanatory Statement.

OTHER BUSINESS

To transact any further business that may lawfully be brought forward.

Further information regarding the business to be transacted at the Annual General Meeting is set out in the accompanying Explanatory Statement.

By order of the Board

Justin Nelson
Company Secretary
Date: 28 October 2019

VOTING INFORMATION AND NOTES

1. **Voting entitlement on a poll**

On a poll, each shareholder present (in person, by proxy, attorney or representative) has one vote for each fully paid share they hold.

2. **Proxies**

A shareholder entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote on the shareholder's behalf. If the shareholder is entitled to cast two or more votes at the meeting, the shareholder may appoint up to two proxies to attend and vote on the shareholder's behalf.

If a shareholder appoints two proxies, each proxy must be appointed to represent a specified proportion or number of the shareholder's votes. Absent this specification, on a poll, each proxy will need to exercise half the votes.

A proxy can be either an individual or a body corporate and need not be a shareholder of the Company. If a shareholder appoints a body corporate as proxy, the body corporate will need to appoint an individual as its corporate representative and provide satisfactory evidence of this appointment.

If a shareholder's instruction is to abstain from voting for a particular item of business, the shareholders' votes will not be counted in computing the required majority on a poll.

To appoint a proxy, a proxy form must be signed by the shareholder or the shareholder's attorney duly authorised in writing. If the shareholder is a corporation, the proxy form must be signed in accordance with section 127 of the Corporations Act. To be effective, a proxy form (and, if it is signed by an attorney, the authority under which it is signed or a certified copy of the authority) must be received by the Company not later than 48 hours prior to the commencement of the meeting. Proxy form and authorities may be lodged:

- by post to MGM Wireless Ltd, c/- Computershare Investor Services Pty Ltd, GPO Box 242, Melbourne VIC 3001; or

- by facsimile to Computershare on (within Australia) 1800 783 447 (outside Australia) +61 3 9473 2555 or the Company on +61 8 8431 2400; or

- electronically by casting votes online at www.investorvote.com.au and following the prompts. To use this facility you will need your holder number (SRN or HIN), postcode and control number as shown on the proxy form. You will have been taken to have signed the proxy form if you lodge it in accordance with the instructions on the website. For Intermediary Online subscribers only (custodians), please visit *www.intermediaryonline.com* to submit your voting intentions.

Chairman acting as proxy

Shareholders may appoint the Chairman of the meeting as their proxy.

Where the Chairman is appointed as a proxy by a shareholder entitled to cast a vote on a particular resolution and the proxy form specifies how the Chairman is to vote on the resolution (that is, a directed proxy), the Chairman must vote in accordance with that direction.

In respect of proxies where no voting direction has been given (undirected proxies), the Chairman intends to vote all available proxies in favour of each resolution.

In relation to resolutions 1, 6 and 7 if the shareholder has appointed the Chairman as their proxy and no voting direction has been given, the shareholder will be expressly authorising the Chairman to exercise the undirected proxy in respect of resolutions 1, 6 and 7 even though the resolution is connected with the remuneration of members of the KMP of the Company. Please read the directions on the proxy form carefully, especially if you intend to appoint the Chairman of the meeting as your proxy.

3. **Entitlement to vote at the meeting**

For the purpose of the meeting, shares in the Company will be taken to be held by those persons who are registered holders at 7 pm (AEDT) on Wednesday 27 November 2019. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

4. **Quorum**

The Constitution of the Company provides that two shareholders present in person, by proxy, attorney or body corporate representative shall be a quorum for the general meeting of the Company.

5. **Appointment of a corporate representative**

Corporate representatives are requested to bring appropriate evidence of appointments as a representative. Proof of identity will be required for corporate representatives.

6. **Appointment of an attorney**

Attorneys are requested to bring a power of attorney pursuant to which they are appointed. Proof of identity will also be required for attorneys.

EXPLANATORY STATEMENT

This Explanatory Statement accompanies, and forms part of the Notice of Annual General Meeting dated 28 October 2019 and has been prepared to provide shareholders with material information to enable them to make an informed decision on the business to be conducted at the Annual General Meeting of the Company. Amongst other things, this Explanatory Statement provides shareholders with the information required to be provided to shareholders by the Corporations Act and the Listing Rules of the ASX.

The Explanatory Statement sets out an explanation of each of the resolutions to be put to shareholders. Shareholders should read this Explanatory Statement carefully before determining how to vote in respect of the resolutions.

1. FINANCIAL REPORT

The Financial Report and the reports of the Directors and Auditor will be laid before the meeting in accordance with section 317 of the Corporations Act.

No resolution is required in respect of this agenda item. Shareholders will be given a reasonable opportunity to ask questions or make comments about the management of the Company and may also ask a representative of the Company's auditor questions relevant to the conduct of the audit and the accounting policies adopted by the Company.

2. RESOLUTION 1 - REMUNERATION REPORT

The Company has included in the 2019 Annual Report a detailed Remuneration Report which provides prescribed information relating to remuneration.

As required by the Corporations Act, the Remuneration Report is submitted for adoption by a non-binding vote.

The Remuneration Report is set out on pages 24 to 31 of the 2019 Annual Report and is available from the Company's website www.mgmwireless.com. The Remuneration Report sets out the Company's remuneration arrangements for its Directors, officers and senior management.

A reasonable opportunity for discussion of the Remuneration Report will be provided at the meeting.

The Directors recommend shareholders vote in favour of non-binding ordinary resolution 1.

3. RESOLUTION 2 - RE-ELECTION OF DIRECTOR (MS LEILA HENDERSON)

Under the Company's constitution, one third of the Directors (excluding the Managing Director) must retire at the Annual General Meeting. The Director will be eligible for re-election.

Ms Leila Henderson retires under clause 13.2 of the Company's constitution and, being eligible, has offered herself for re-election as a Director.

A summary of the qualifications and experience of Ms Leila Henderson follows:

Leila Henderson

Ms Henderson is a Fellow of the New Venture Institute at Flinders University, former State President of the Public Relations Institute of Australia and an investor and mentor in SouthStart Accelerate.

She is the founder and CEO of media technology business NewsMaker; co-founder and CEO of Freddi; and a former journalist with News Limited, Fairfax magazines and Australian Consolidated Press. She is a public relations and marketing practitioner with significant international media and marketing experience in North America and the United Kingdom.

Ms Henderson has been a Director since 7 July 2014. She has held no other directorships.

The Board considers Ms Henderson qualifies as an independent Director.

The Directors (with Ms Henderson abstaining) recommend shareholders vote in favour of resolution 2.

4. **RESOLUTION 3 – RATIFICATION OF A PREVIOUS ISSUE OF SHARES TO SOPHISTICATED INVESTORS – SEPTEMBER 2019**

The Company has issued 1,617,648 fully paid ordinary shares at $3.40 per fully paid ordinary share in a placement to sophisticated and professional investors (**Placement**). Canaccord Genuity (Australia) Limited (**Canaccord**) and Gleneagle Securities Pty Ltd (**Gleneagle**) acted as Lead Managers to the Placement.

The Placement shares were issued on 27 September 2019 and were issued on the same terms and conditions as other existing ordinary shares in the Company quoted on the Australian Securities Exchange.

The funds raised by the placement have and will be used to support future growth initiatives including purchase of stock and working capital required to ramp up sales of the SPACETALK all-in-one smartphone, watch and GPS device for children aged 5 - 12 and the accompanying AllMyTribe app.

ASX Listing Rule 7.1 provides that, except in limited circumstances, prior approval of shareholders is required for an issue of securities if the securities will, when aggregated with securities issued by the company during the previous 12 months, exceed 15% of the number of shares on issue at the commencement of that 12 month period.

The ASX Listing Rules also provide that in addition to issues under ASX Listing Rule 7.1, an eligible entity which has obtained a 7.1A mandate may, during the period of the mandate, issue or agree to issue a number of equity securities calculated in

accordance with the formula in ASX Listing Rule 7.1A.2. An ASX Listing Rule 7.1A mandate was approved by the Company's shareholders on 16 November 2018.

369,398 of the Placement shares were issued within the Company's placement capacity under ASX Listing Rule 7.1 and 1,240,250 Placement shares were issued within the Company's placement capacity under ASX Listing Rule 7.1A.

ASX Listing Rule 7.4 provides that where a company ratifies an issue of securities, the issue will be treated as having been made with approval for the purpose of ASX Listing Rule 7.1 and (if applicable) 7.1A, thereby refreshing the company's 15% and (if applicable) 10% placement capacity and enabling it to issue further securities up to those limits.

Resolution 3 proposes the ratification and approval of the allotment and issue of 1,617,648 shares to sophisticated and professional investors for the purpose of satisfying the requirements of ASX Listing Rule 7.4.

Listing Rule 14.9 requires the approval be given by an ordinary resolution of the Company.

The Directors recommend shareholders vote in favour of resolution 3.

5. **RESOLUTION 4 – RATIFICATION OF A PREVIOUS ISSUE OF CONVERTIBLE NOTES – FEBRUARY 2019 TO OCTOBER 2019**

On 3 October 2018, the Company announced that it had entered into an unsecured convertible note deed with a number of sophisticated investors for the issue of convertible notes for an aggregate amount of up to $2 million.

Key terms of the convertible notes are as follows:

- the convertible notes are unsecured;
- the Company must pay interest on the outstanding principal amounts of issued convertible notes at a rate equal to 7% per annum;
- the maturity date is 24 months from the date of the convertible note deed;
- the Company must redeem each convertible note on the maturity date, to the extent it has not been converted into shares or an investor has not delivered a conversion notice in respect of them on or before the maturity date;
- the ordinary shares issued upon conversion of the convertible note will rank pari passu with existing ordinary shares;
- unless converted, the convertible notes do not carry any voting rights at meetings of shareholders of the Company, rights to receive dividends or rights to participate in any issue of securities undertaken by the Company;

- the convertible notes are convertible into shares at the election of an investor in accordance with the following formula:

  Number of shares = Principal Amount/Conversion Price.

Conversion Price means the lower of:

- a 20% discount to the lowest price at which shares have been issued after the date of the convertible note deed; and

- $3.50 (the Floor Price).

At the Company's last annual general meeting on 16 November 2018, shareholders approved the issue of convertible notes with an aggregate face value of up to $2 million. Pursuant to the ASX Listing Rules, the approval granted on 16 November 2018 expired on 15 February 2019, during which time the Company issued convertible notes with a face value of $500,000 to sophisticated investors unrelated to the Company.

Pursuant to resolution 4, the Company is seeking to ratify previous issues of convertible notes subsequent to 15 February 2019 as follows:

Date of Issue	No. of convertible notes Issued	Details of allottees	Discount to closing price on issue date of Equity Securities	Total Cash Consideration	Use of Funds
28/02/2019	Convertible notes with a face value of $500,000 (maximum of 183,824 shares on conversion)	Sophisticated investors	N/A (convertible notes)	$500,000	To fund expansion into the UK in the second half of FY19 and for working capital purposes.
28/06/2019	Convertible notes with a face value of $250,000 (maximum of 91,912 shares on conversion)	Sophisticated investors	N/A (convertible notes)	$250,000	For working capital purposes including the building up of supply chain inventory and advertising to support the expansion of SPACETALK sales
09/08/2019	Convertible notes with a face value of $250,000 (maximum of 91,912 shares on conversion)	Sophisticated investors	N/A (convertible notes)	$250,000	To manufacture additional inventory of the Company's SPACETALK children's phone+watch required for future and existing distribution arrangements.
01/10/2019	Convertible notes with a face value of $250,000 (maximum of 91,912 shares on conversion)	Sophisticated investors	N/A (convertible notes)	$250,000	To manufacture additional inventory of the Company's SPACETALK children's phone+watch required for future and existing distribution arrangements.

ASX Listing Rule 7.1 provides that, except in limited circumstances, prior approval of shareholders is required for an issue of securities if the securities will, when aggregated with securities issued by the company during the previous 12 months, exceed 15% of the number of shares on issue at the commencement of that 12 month period.

ASX Listing Rule 7.2 Exception 4 provides that ASX Listing Rule 7.1 does not apply to an issue on conversion of convertible securities. As such, resolution 4 relates only to the ratification of the issue of convertible securities during the period February 2019 to October 2019, not to the issue of any security on conversion. The Company issued the convertible notes during the period February 2019 to October 2019 within its ASX Listing Rule 7.1 placement capacity.

ASX Listing Rule 7.4 provides that where a company ratifies an issue of securities, the issue will be treated as having been made with approval for the purpose of ASX Listing Rule 7.1, thereby refreshing the company's 15% capacity and enabling it to issue further securities up to that limit.

Resolution 4 proposes the ratification and approval of the allotment and issue of convertible notes with a face value of $1,250,000 issued between February and October 2019 to sophisticated and professional investors for the purpose of satisfying the requirements of ASX Listing Rule 7.4.

Listing Rule 14.9 requires the approval be given by an ordinary resolution of the Company.

The Directors recommend shareholders vote in favour of resolution 4.

6. RESOLUTION 5 – ISSUE CONVERTIBLE NOTES PURSUANT TO CONVERTIBLE NOTE FACILITY

As noted above in respect of resolution 4, on 3 October 2018, the Company announced that it had entered into an unsecured convertible note deed with a number of sophisticated investors for the issue of convertible notes for an aggregate amount of up to $2 million.

Key terms of the convertible notes are as follows:

- the convertible notes are unsecured;
- the Company must pay interest on the outstanding principal amounts of issued convertible notes at a rate equal to 7% per annum;
- the maturity date is 24 months from the date of the convertible note deed;
- the Company must redeem each convertible note on the maturity date, to the extent it has not been converted into shares or an investor has not delivered a conversion notice in respect of them on or before the maturity date;

- the ordinary shares issued upon conversion of the convertible note will rank pari passu with existing ordinary shares;

- unless converted, the convertible notes do not carry any voting rights at meetings of shareholders of the Company, rights to receive dividends or rights to participate in any issue of securities undertaken by the Company;

- The convertible notes are convertible into shares at the election of an investor in accordance with the following formula:

  Number of shares = Principal Amount/Conversion Price.

Conversion Price means the lower of:

- a 20% discount to the lowest price at which shares have been issued after the date of the convertible note deed; and

- $3.50 (the Floor Price).

As at the date of this Notice, the Company has issued convertible notes with an aggregate face value of $1.75 million to sophisticated investors unrelated to the Company.

Resolution 5 seeks shareholder approval for the issue of an aggregate amount of up to $250,000 of convertible notes, and the ordinary shares to be issued on conversion of the convertible notes, in accordance with ASX Listing Rule 7.1.

ASX Listing Rule 7.2 Exception 4 provides that ASX Listing Rule 7.1 does not apply to an issue on conversion of convertible securities. As such, resolution 5 relates only to the issue of convertible securities, not an issue of a security on conversion. The Company will have capacity to issue an amount of up to $250,000 convertible notes within its ASX Listing Rule 7.1 placement capacity.

ASX Listing Rule 7.3 requires the following information to be included in this Notice in respect of resolution 5:

- convertible notes with a maximum aggregate face value of $250,000 will be issued;

- convertible notes will be issued no later than three months after the date on which shareholder approval is obtained;

- there is no issue price. As noted above, up to an aggregate amount of $250,000 convertible notes will be issued;

- the convertible notes will be issued to various sophisticated and professional investors introduced by Gleneagle;

- the key terms of the convertible notes are set out above;

- the purpose of the issue of convertible notes is to raise capital to fund working capital including the building up of supply chain inventory and advertising to support the expansion of SPACETALK sales; and

- allotment of the convertible notes will occur progressively;

- a voting exclusion statement relating to resolution 5 is included in the notice.

The Directors recommend shareholders vote in favour of resolution 5.

The Chairman intends to vote all undirected proxies in favour of resolution 5.

7. RESOLUTIONS 6 and 7 - ISSUE OF OPTIONS TO DIRECTORS

Resolutions 6 and 7 propose approval for the issue of options to the Chairman and Managing Director, Mark Fortunatow, or his nominee, and non-executive director Ms Leila Henderson, or her nominee.

As directors of the company, Mark Fortunatow and Leila Henderson are related parties of the Company for the purposes of section 228(2)(a) of the Corporations Act and ASX Listing Rule 10.11.

Section 229(3)(b) of the Corporations Act defines the 'giving a financial benefit' to include the issuing of securities to a related party.

Mark Fortunatow and Leila Henderson are directors of the Company and if resolutions 6 and 7 are passed, will receive a financial benefit by way of an issue of options.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, the Company requires shareholder approval to issue the options to Mark Fortunatow and Leila Henderson.

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 the company during the previous 12 months, exceed 15% of the number of the shares on issue at the commencement of that 12 month period.

Listing Rule 7.1A permits eligible companies that have obtained shareholder approval by special resolution at an annual general meeting to issue an additional 10% of the company's issued ordinary securities. The ability to issue securities under Listing Rule 7.1A is in addition to the company's ability to issue securities under Listing Rule 7.1.

ASX Listing Rule 10.11 provides that a company must not issue or agree to issue equity securities to a director without the approval of holders of ordinary securities.

If approval is given under ASX Listing Rule 10.11, approval is not required under Listing Rules 7.1 and 7.1A.

Information required under Listing Rule 10.13.

Pursuant to and in accordance with the requirements of ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of options to Mark Fortunatow and Leila Henderson, or their nominees.

7.1 Details of the number of options to be issued to each of the directors or their nominee is set out in the following table:

NAME OF DIRECTOR	NUMBER OF OPTIONS	EXERCISE PRICE	EXPIRY DATE
Mr Mark Fortunatow	125,000	$7.00	30 April 2023
Mr Mark Fortunatow	125,000	$9.00	30 April 2023
Ms Leila Henderson	5,000	$7.00	30 April 2023
Ms Leila Henderson	5,000	$9.00	30 April 2023

7.2 The options will be issued and allotted within one month of the meeting to which the Explanatory Statement relates.

7.3 The options will be issued for no consideration and otherwise on the terms set out in Schedule 1 to this Explanatory Statement.

7.4 There will be no funds raised from the issue.

7.5 A voting exclusion statement has been included in the notice of meeting.

Section 219 of the Corporations Act

The following information is provided in relation to the proposed issue of options to Mark Fortunatow and Leila Henderson (or their nominees), for the purpose of section 219 of the Corporations Act.

Identity of the related party

Mark Fortunatow and Leila Henderson are directors of the Company and the related parties receiving a financial benefit from the Company.

Nature of the financial benefit

The nature of the financial benefit is the issue of the number of options set out in paragraph 7.1 of this explanatory statement (and the consequent issue of shares upon the exercise of the options) and otherwise on the terms and conditions set out in Schedule 1 to this Notice.

Valuation of financial benefit

The Directors have had the fair value of the options to be granted, valued on a preliminary basis using a Black Scholes model. The actual value of the options will however be determined on a similar basis at the actual date of the grant.

The assumptions underlying the Black Scholes model used in calculating the preliminary value of the options were as follows:

- share price = $4.36 per share (using share price on 27 September 2019);
- expected life = 3.59 years;
- risk-free rate = 0.70%;
- expected share volatility = 153.9%;
- dividend yield = 0%.

Using this method of valuation, the Company has determined the preliminary value of $3.58 per option exercisable at $7.00 and $3.48 per option exercisable at $9.00.

The expected total financial benefit of the options to be issued to or for the benefit of the Directors is:

- Mark Fortunatow $1,058,430;
- Leila Henderson $70,562.

Effect of the grant of the options

As at the date of this notice of meeting, the Company has the following equity securities on issue.

Security	Number on issue
Fully paid ordinary shares	14,132,148
Retention rights	38,000
Options exercisable at $1.40 on or before 30 April 2020	240,000
Options exercisable at $4.00 on or before 29 November 2020	550,000
Options exercisable at $6.00 on or before 30 April 2022	210,000
Options exercisable at $8.00 on or before 30 April 2022	150,000
Options exercisable at $10.00 on or before 30 April 2022	150,000

Security	Number on issue
Options exercisable at $5.50 on or before 30 June 2022	300,000
Options exercisable at $6.50 on or before 30 June 2022	300,000
Convertible notes with aggregate face value of $1.75 million	45

If resolutions 6 and 7 are passed, the Company will have on issue an additional 260,000 options.

Dilution

If resolutions 6 and 7 are passed, this will result in the issue of a total of 260,000 options.

If the options are exercised, and assuming all the existing retention rights and options are exercised and convertible notes are converted into fully paid ordinary shares, the Company would have 16,162,060 fully paid ordinary shares on issue. The issue of up to 260,000 shares upon the exercise of the options will result in a dilution of approximately 1.61 per cent (i.e. 260,000 shares as a percentage of the fully diluted share capital of 16,162,060).

Interests in securities

The securities of the Company in which the Directors have a relevant interest are:

NAME OF DIRECTOR	NUMBER OF SHARES	NUMBER OF OPTIONS	NUMBER OF RETENTION RIGHTS AND CONVERTIBLE NOTES
Mr Mark Fortunatow	1,952,873	600,000	Nil
Ms Leila Henderson	35,000	50,000	Nil

Total Remuneration Package

Mr Fortunatow, as Chairman and CEO, is entitled to annual remuneration which is currently $574,596 (including superannuation).

Ms Henderson, as a Non-Executive Director, is entitled to an annual director's fee which is currently $19,500 (including superannuation).

Recommendation

Each Director has a material personal interest in the outcome of the resolution regarding their own issue of options. The nature of the interest is the grant of options (and consequent issue of shares upon the exercise of the options, at the exercise price set out in this Explanatory Statement).

Each of the Directors decline to make any recommendation in relation to voting on resolutions 6 and 7 as:

- the resolution relates to the remuneration of members of the Company's Key Management Personnel; and
- the Directors have formed the view it is not appropriate for them to make a recommendation for resolutions about each other's remuneration, as it might be regarded as raising a conflict of interest.

8. RESOLUTION 8 – APPROVAL OF ADDITIONAL 10% PLACEMENT CAPACITY OVER A 12 MONTH PERIOD

ASX Listing Rule 7.1A permits eligible entities that have obtained shareholder approval by special resolution at an annual general meeting (**AGM**) to issue an additional 10% of the entity's issued ordinary securities (calculated using the formula set out below). The ability to issue securities under ASX Listing Rule 7.1A is in addition to the Company's ability to issue 15% of its issued capital without security holder approval in a 12-month period, under ASX Listing Rule 7.1.

A listed entity must satisfy both of the following criteria at the time of its AGM in order to be eligible to seek approval under ASX Listing Rule 7.1A:

- it must have a market capitalisation of $300 million or less; and
- it must not be included in the S&P/ASX 300 Index.

On 16 October 2019, the market capitalisation of the Company was $52,571,591. At the date of this Notice, the Company was not included in the S&P/ASX 300 Index.

The number of equity securities that the Company may issue with approval under ASX Listing Rule 7.1A.2 is calculated using the following formula:

(A x D) – E

A = The number of fully paid ordinary shares on issue 12 months before the date of issue or agreement:

- plus, the number of fully paid ordinary securities issued in the 12 months under an exception in ASX Listing Rule 7.2;
- plus, the number of partly paid ordinary securities that became fully paid in the 12 months;

- plus, the number of fully paid ordinary securities issued in the 12 months with approval of shareholders under ASX Listing Rules 7.1 or 7.4;
- less the number of fully paid ordinary securities cancelled in the 12 months.

***D* =** 10%

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

A resolution under ASX Listing Rule 7.1A can only be proposed as a special resolution at an eligible entity's AGM. A special resolution is a resolution that has been passed by at least 75% of the votes cast by members entitled to vote on the resolution.

Securities issued with approval under ASX Listing Rule 7.1A must belong to a class of equity securities (as defined in the ASX Listing Rules) (**Equity Securities**) already quoted. ASX Listing Rule 7.1A cannot be used for placements of securities in a class that has not yet been quoted.

Information required by Listing Rule 7.3A

ASX Listing Rule 7.3A prescribes the information that must be included in the Notice in relation to a resolution under ASX Listing Rule 7.1A. This information is as follows.

The issue price of securities issued under ASX Listing Rule 7.1A must be no less than 75% of the volume weighted average market price for securities in the relevant quoted class calculated over the 15 trading days on which trades in that class were recorded immediately before either:

- the date on which the price at which the securities are to be issued is agreed; or

- if the securities are not issued within 5 trading days of the date in the paragraph above, the date on which the securities are issued.

If resolution 8 is approved by shareholders and the Company issues additional Equity Securities, there is a risk of economic and voting dilution of the existing shareholders including the risk that:

- the market price for the Company's Equity Securities may be significantly lower on the issue date than on the date of the approval under ASX Listing Rule 7.1A; and

- the Equity Securities may be issued at a price that is at a discount to the market price for those Equity Securities on the issue date.

The table below provides details of the quoted and unquoted classes of Equity Securities the Company has on issue at the date of the Notice.

Equity Security	**Number on issue**
Quoted fully paid ordinary shares	14,132,148
Unquoted options	1,900,000
Retention rights	38,000
Convertible notes with a face value of $1,750,000	45

The following table illustrates the potential dilution of existing shareholders on the basis of the number of ordinary securities for variable 'A' as at the date of this notice ("current variable A") and where variable "A" is 50% and 100% greater than the current variable A:

	Current variable "A"	**50% increase in current variable "A"**	**100% increase in current variable "A"**
	14,132,148	21,198,222	28,264,296
10% voting dilution	1,413,215	2,119,822	2,826,430
Total shares on issue following rule 7.1A placements	15,545,363	23,318,044	31,090,726

Assumptions relevant to the table describing the potential dilution of existing shareholders:

- an additional 10% of the Company's ordinary shares are issued under ASX Listing Rule 7.1A;
- the issue under ASX Listing Rule 7.1A consists only of shares.

The following table illustrates the funds raised from the issue of an additional 10% of ordinary securities under ASX Listing Rule 7.1A, based on:

- the current variable "A" and where variable "A" has increased by 50% and 100%; and
- the share price as at the date of this Notice and where the share price has fallen by 50% and increased by 50% and 100%.

Rule 7.1A placement details	**$1.93 (50% decrease in share price)**	**$3.86 (current share price)**	**$5.79 (50% increase in share price)**	**$7.72 (100% increase in share price)**
1,413,215 (10% voting dilution based on current variable "A")	$2,727,505	$5,455,009	$8,182,514	$10,910,018
2,119,822 (10% voting dilution based on a 50% increase in current variable "A")	$4,091,257	$8,182,514	$12,273,771	$16,365,027
2,826,430 (10% voting dilution based on a 100% increase in current variable "A")	$5,455,009	$10,910,018	$16,365,027	$21,820,037

The Company will only issue Equity Securities during the 12-month period after the date of the AGM on 29 November 2019. The approval under resolution 8 for the issue of the Equity Securities will cease to be valid in the event that shareholders approve a transaction under ASX Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or ASX Listing Rule 11.2 (the disposal of the main undertaking).

The Company may issue the Equity Securities to fund the Company's research and development projects in the next year, acquire new assets or investments and/or for general working capital. The Company may also issue some Equity Securities for non-cash consideration for the acquisition of new projects, assets or investments. In such circumstances, the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3.

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

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

As at the date of this Notice, the Company has not formed any specific intentions regarding who may be offered securities under a placement pursuant to ASX Listing Rule 7.1A. No decision has been made regarding allottees. The allottees may

include either existing security holders or new investors who have not previously been shareholders, or a combination of both, who are not related parties or associates of a related party of the Company.

Further, if the Company acquires new assets, it is likely that the allottees pursuant to this resolution 8 will be the vendors of the new assets. If this resolution 8 is approved by shareholders, the Company may issue Equity Securities during the 12-month period after the date of the AGM as and when the circumstances of the Company require.

The Company previously obtained shareholder approval under ASX Listing Rule 7.1A at the AGM held on 16 November 2018.

Further details of all issues of equity securities by the Company during the 12 months preceding the date of this Notice are as follows:

Total number of Equity Securities issued in the last 12 months	
Number of Equity Securities Issued	3,212,208
Percentage of Equity Securities Issued	23%

As required by the ASX Listing Rules, the details of all issues of securities by the Company during the 12 months preceding the date of meeting are detailed below:

Date of Issue	No. of Equity Securities Issued	Class of Equity Securities	Issue Price	Details of allottees	Consideration (cash / non-cash)	Discount to closing price on issue date of Equity Securities	Intended use of funds	Total Cash Consideration	Amount of cash consideration spent, what it was spent on and proposed application of balance of funds raised
07/11/2018	50,000	Ordinary Shares	$0.60	Director	Cash	Closing price $3.36 (82% discount)	For working capital purposes.	$30,000	$30,000 has been spent on working capital expenses.
13/11/2018	50,000	Ordinary shares	$0.60	Director	Cash	Closing price $4.00 (85% discount)	For working capital purposes.	$30,000	$30,000 has been spent on working capital expenses.
03/12/2018	56,000	Retention rights	Nil	Employees	N/A	N/A	N/A	N/A	N/A
03/12/2018	22,000	Ordinary shares	Nil	Employees	N/A	N/A	N/A	N/A	N/A
10/12/2018	510,000	Options	Nil	Directors	N/A	N/A	N/A	N/A	N/A
11/12/2018	20,000	Ordinary shares	Nil	Employees	N/A	N/A	N/A	N/A	N/A
28/02/2019	Convertible notes with a face value of $500,000	Convertible notes	$500,000 face value	Sophisticated investors	Cash	N/A (convertible notes)	To fund expansion into the UK in the second half of FY19 and for working capital purposes.	$500,000	$500,000 has been spent on expenses related to the Company's expansion into the UK in the second half of FY19 and associated working capital expenses.

Date of Issue	No. of Equity Securities Issued	Class of Equity Securities	Issue Price	Details of allottees	Consideration (cash / non-cash)	Discount to closing price on issue date of Equity Securities	Intended use of funds	Total Cash Consideration	Amount of cash consideration spent, what it was spent on and proposed application of balance of funds raised
08/03/2019	135,000	Ordinary shares	$1.30	Gleneagle Securities (Aust) Pty Ltd	Cash	Closing price $3.70 (65% discount)	For working capital purposes.	$175,500	$175,000 has been spent on working capital expenses.
20/03/2019	15,000	Ordinary shares	$1.30	Gleneagle Securities (Aust) Pty Ltd	Cash	Closing price $3.60 (64% discount)	For working capital purposes.	$19,500	$19,500 has been spent on working capital expenses.
17/06/2019	15,000	Ordinary shares	Nil	Employees	N/A	N/A	N/A	N/A	N/A
17/06/2019	12,000	Retention rights	Nil	Employees	N/A	N/A	N/A	N/A	N/A
19/06/2019	250,000	Ordinary shares	$0.60	Director	Cash	Closing price $3.39 (82% discount)	For working capital purposes.	$150,000	$150,000 has been spent on working capital expenses.
28/06/2019	Convertible notes with a face value of $250,000	Convertible notes	$250,000 face value	Sophisticated investors	Cash	N/A (convertible notes)	For working capital purposes including the building up of supply chain inventory and advertising to support the expansion of SPACETALK sales	$250,000	$250,000 has been spent on expenses related to the building up of supply chain inventory and advertising support to expand SPACETALK sales.
09/08/2019	Convertible notes with a face value of $250,000	Convertible notes	$250,000 face value	Sophisticated investors	Cash	N/A (convertible notes)	To manufacture additional inventory of the Company's SPACETALK children's phone+watch required for future	$250,000	$250,000 has been spent on manufacturing additional inventory of the Company's SPACETALK children's phone+watch required for future and existing

Date of Issue	No. of Equity Securities Issued	Class of Equity Securities	Issue Price	Details of allottees	Consideration (cash / non-cash)	Discount to closing price on issue date of Equity Securities	Intended use of funds	Total Cash Consideration	Amount of cash consideration spent, what it was spent on and proposed application of balance of funds raised
							and existing distribution arrangements.		distribution agreements.
27/09/2019	1,617,648	Ordinary shares	$3.40	Sophisticated investors	Cash	9.8% discount	To support future growth initiatives including purchase of stock and working capital required to ramp up sales of the SPACETALK all-in-one smartphone, watch and GPS device.	$5,500,000	$500,000 has been spent on the capital raising (including payment for professional advisers). $5,000,000 remains with a proposed application to support the future of growth initiatives including purchasing stock and working capital required to increase the sales of the SPACETALK all in one smartphone, watch and GPS device.
01/10/2019	Convertible notes with a face value of $250,000	Convertible notes	$250,000 face value	Sophisticated investors	Cash	N/A (convertible notes)	To manufacture additional inventory of the Company's SPACETALK children's phone+watch required for future and existing distribution arrangements.	$250,000	$250,000 remains with a proposed application to manufacture additional inventory of the Company's SPACETALK children's phone+watch required for future and existing distribution arrangements.

A voting exclusion statement is included in the notice. As at the date of this Notice the proposed allottees of the securities are not known and identified. Therefore, no existing shareholders votes will be excluded under the voting exclusion in this notice.

The Directors recommend shareholders vote in favour of resolution 8.

The Chairman intends to vote all undirected proxies in favour of resolution 8.

9. **RESOLUTIONS 9 and 10 – RATIFICATION OF A PREVIOUS ISSUE OF OPTIONS – OCTOBER 2019**

The Company entered into a mandate agreement dated 19 July 2019 with Canaccord and Gleneagle to act as joint lead managers for a placement of shares to Australian investors which was completed in September 2019 and is the subject of resolution 3 in this notice (**Agreement**).

Under the Agreement, the Company agreed to issue to the joint lead managers the following tranches of options:

- (**Tranche 1**) 200,000 options at an exercise price of $5.50, expiring 30 June 2022 to Canaccord (or its nominee);
- (**Tranche 2**) 200,000 options at an exercise price of $6.50, expiring 30 June 2022 to Canaccord (or its nominee);
- (**Tranche 3**) 100,000 options at an exercise price of $5.50, expiring 30 June 2022 to Gleneagle (or its nominee); and
- (**Tranche 4**) 100,000 options at an exercise price of $6.50, expiring 30 June 2022 to Gleneagle (or its nominee).

The options were issued by the Company to Canaccord and Gleneagle on 10 October 2019, on the terms and conditions set out in Schedule 2.

The Company issued 600,000 options on 10 October 2019 without prior shareholder approval under the Company's 15% placement capacity under ASX Listing Rule 7.1.

Resolutions 9 and 10 seek shareholder ratification pursuant to ASX Listing Rule 7.4 and for all other purposes of a previous issue of 600,000 options.

ASX Listing Rule 14.9 requires the approval be given by an ordinary resolution at a general meeting of shareholders of the company.

The Directors recommend shareholders vote in favour of the resolutions 9 and 10.

The Chairman intends to vote all undirected proxies in favour of the resolutions 9 and 10.

10. **RESOLUTION 11 – SHARE SPLIT**

Background

Section 254H of the Corporations Act provides that a company may convert all of its shares into a larger number of shares by a resolution passed at a general meeting.

ASX Listing Rule 7.20 requires an entity to tell security holders in writing each of the following:

- the effect of the proposed share split on the number of securities;
- the proposed treatment of any fractional entitlements;
- the proposed treatment of any convertible securities on issue.

This notice contains the required information and is provided to security holders pursuant to section 254H of the Corporations Act and ASX Listing Rule 7.20.

Effect of the share split on capital structure

Resolution 11 seeks shareholder approval for the share capital of the Company to be split on a 10:1 basis (share split). If resolution 11 is approved:

- each existing share will be subdivided into ten (10) shares;
- each retention right be subdivided into ten (10) retention rights;
- each option exercisable at $1.40 on or before 30 April 2020 will be subdivided into ten (10) options, with the exercise price per option amended in inversion proportion to that ratio;
- each option exercisable at $4.00 on or before 29 November 2020 will be subdivided into ten (10) options, with the exercise price per option amended in inversion proportion to that ratio;
- each option exercisable at $6.00 on or before 30 April 2022 will be subdivided into ten (10) options, with the exercise price per option amended in inversion proportion to that ratio;
- each option exercisable at $8.00 on or before 30 April 2022 will be subdivided into ten (10) options, with the exercise price per option amended in inversion proportion to that ratio;
- each option exercisable at $10.00 on or before 30 April 2022 will be subdivided into ten (10) options, with the exercise price per option amended in inversion proportion to that ratio;
- each option exercisable at $5.50 on or before 30 June 2022 be subdivided into ten (10) options, with the exercise price per option amended in inverse proportion to that ratio;
- each option exercisable at $6.50 on or before 30 June 2022 be subdivided into ten (10) options, with the exercise price per option amended in inverse proportion to that ratio; and
- the convertible notes on issue be reorganised in accordance with ASX Listing Rule 7.21,

to be affected immediately following the meeting, in accordance with the indicative timetable set out below.

If resolution 11 is passed, the number of securities on issue will increase from:

- 14,132,148 fully paid ordinary shares to 141,321,480 fully paid ordinary shares;
- 38,000 retention rights to 380,000 retention rights;
- 240,000 options exercisable at $1.40 on or before 30 April 2020 to 2,400,000 options exercisable at $0.14 on or before 30 April 2020;
- 550,000 options exercisable at $4.00 on or before 29 November 2020 to 5,500,000 options exercisable at $0.40 on or before 29 November 2020;
- 210,000 options exercisable at $6.00 on or before 30 April 2022 to 2,100,000 options exercisable at $0.60 on or before 30 April 2022;
- 150,000 options exercisable at $8.00 on or before 30 April 2022 to 1,500,000 options exercisable at $0.80 on or before 30 April 2022;
- 150,000 options exercisable at $10.00 on or before 30 April 2022 to 1,500,000 options exercisable at $0.50 on or before 30 April 2022;
- 300,000 options exercisable at $5.50 on or before 30 June 2022 to 3,000,000 options exercisable at $0.55 on or before 30 June 2022;
- 300,000 options exercisable at $6.50 on or before 30 June 2022 to 3,000,000 options exercisable at $0.65 on or before 30 June 2022.

Proposed treatment of convertible securities on issue

On 3 October 2018, the Company announced that it had entered into an unsecured convertible note deed with a number of sophisticated investors for the issue of convertible notes for an aggregate amount of $2 million.

As at the date of this Notice, the convertible note facility is drawn to $1.75 million.

The convertible notes are convertible into shares at the election of an investor in accordance with the following formula:

Number of shares = Principal Amount/Conversion Price.

Conversion Price means the lower of:

- a 20% discount to the lowest price at which shares have been issued after the date of the convertible note deed; and
- $3.50 (the Floor Price).

Under the terms of the convertible note deed, if the Company reorganises or reconstructs its capital (including consolidation, subdivision, reduction or return), at

any time when there is a Principal Amount outstanding, then the Conversion Price will be amended to the extent applicable and subject to the ASX Listing Rules to place the convertible note investors in substantially the same position as they would have been had no such event occurred.

Since the date of the convertible note deed the Company, in September 2019, issued 1,617,648 new shares at an issue price of $3.40 per share (on a pre-reorganisation basis).

If resolution 11 is passed, in accordance with the terms of the convertible note deed the Conversion Price will be amended to mean the lower of:

- a 20% discount to the lowest price at which shares have been issued after the date of the convertible note deed; and
- $0.35 (the Floor Price).

As the Company has issued shares since the date of the convertible note deed at $3.40 (on a pre-reorganisation basis), the convertible note investors are entitled to convert the convertible notes based on the 20% discount limb of the Conversion Price formula, which (on a pre-reorganisation basis) equates to a Conversion Price $2.72 (or $0.272 on a post-reorganisation basis).

Reasons for the share split

The Company has a relatively small number of shares on issue, which imposes a number of disadvantages of the Company, including low liquidity of the Company's shares.

The Directors are of the opinion that the share split will assist in increasing the liquidity of the Company's shares.

Effect on shareholders

The share split will not result in any change to the substantive rights and obligations of existing shareholders of the Company. The holding of all shareholders will be split on the same terms and so there is no effect on voting power.

Where the share split would result in the holding of a fraction of a share, the Company will round that fraction up to the nearest whole number of new shares.

It is not considered that any taxation implications exist for shareholders. However, shareholders are advised to seek their own taxation advice on the effect of the share split.

From the date of the share split, all existing holding statements will cease to have any effect, except as evidence of an entitlement to a certain number of shares. New holding statements will be issued to each shareholder by the share registry on a post share split basis as per the timetable below.

After the share split becomes effective, the Company will arrange for holding statements to be issued to shareholders. It is the responsibility of each shareholder to check the number of shares held prior to disposal.

Timetable

ACTION	DATE
Annual General Meeting of shareholders.	Friday, 29 November 2019
The Company tells ASX that security holders have approved reorganisation.	Friday, 29 November 2019
Last day of trading in pre-reorganised securities.	Monday, 2 December 2019
Trading in the reorganised securities on a deferred settlement basis starts.	Tuesday, 3 December 2019
Last day for the Company to register transfers on a pre-reorganisation basis.	Wednesday, 4 December 2019
First day for entity to send notice to each security holder. In the case of uncertificated holdings, first day for the Company to register securities on a post-reorganisation basis and first day for issue of holding statements.	Thursday, 5 December 2019
Issue date. Deferred settlement market ends. Last day for securities to be entered into the holder's security holdings. Last day for the Company to send notice to each security holder.	Wednesday, 11 December 2019
Normal (T+2) trading starts.	Thursday, 12 December 2019

The Directors recommend shareholders vote in favour of resolution 11.

The Chairman intends to vote all undirected proxies in favour of resolution 11.

Schedule 1

1. Each option entitles the holder to one fully paid ordinary share (**Share**) in the capital of MGM Wireless Limited (**Company**).

2. The options may be exercised at any time prior to 5.00pm (Australian EST) on the date that is 30 April 2023 (**Expiry Date**).

3. The exercise price of the options is as set out in the Explanatory Statement to which this schedule is attached (**Exercise Price**).

4. To exercise the options, the option holder must duly complete, execute and deliver to the Company an exercise notice (**Notice of Exercise**). Options may be exercised by the option holder in whole or in part by completing the Notice of Exercise and forwarding the same to the secretary of the Company to be received prior to the Expiry Date. The Notice of Exercise must, among other things, state the number of options exercised and the consequent number of Shares to be issued. The Notice of Exercise by an option holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of the exercise price per Share.

5. All Shares issued upon the exercise of the options will rank equally in all respects with the Company's then issued Shares.

6. There are no participating rights or entitlements inherent in the options and the holders will not be entitled to participate in new issues or pro-rata issues of capital to Shareholders during the term of the options. The option holder has no rights to a change in the exercise price of the option or a change to the number of underlying securities over which the option can be exercised other than in relation to a Bonus Issue.

7. If there is a bonus issue (**Bonus Issue**) to Shareholders, the number of Shares over which an option is exercisable will be increased by the number of Shares which the holder would have received if the option had been exercised before the record date for the Bonus Issue (**Bonus Shares**). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue, and upon issue will rank equally in all respects with the other Shares on issue as at the date of issue of the Bonus Shares.

8. In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, all rights of the option holder shall be reconstructed (as appropriate) in accordance with the ASX Listing Rules.

9. The options are transferable, subject at all times to any transfer restrictions imposed by ASX or under applicable securities laws, including the Corporations Act 2001 (Cwlth) (**Act**).

10. The options will not be listed.

11. The Company will, within 7 days of the exercise of the options, apply for official quotation by the ASX of all Shares issued upon the exercise of the options. If required, the Company will give ASX a notice that complies with section 708A(5)(e) of the Act, or, if the Company is unable to issue such a notice, lodge a prospectus prepared in accordance with the Act and do all such things necessary to satisfy

section 708A(11) of the Act to ensure that an offer for sale of the Shares does not require disclosure to Investor.

12. Some or all of the options may be exercised at any one time before the Expiry Date.

Schedule 2

1. Each option entitles the holder to one fully paid ordinary share (**Share**) in the capital of MGM Wireless Limited (**Company**).

2. The options may be exercised at any time prior to 5.00pm (Australian EST) on the 30 June 2022 (**Expiry Date**). Any option which has not been exercised before the relevant Expiry Date lapses.

3. The exercise price of the options is as set out in the Explanatory Statement to which this schedule is attached (**Exercise Price**).

4. To exercise the options, the option holder must duly complete, execute and deliver to the Company an exercise notice (**Notice of Exercise**) which is set out on the holding statement for the options or, if none, such form as the directors of the Company may accept. Options may be exercised by the option holder in whole or in part by completing the Notice of Exercise and forwarding the same to the secretary of the Company to be received prior to the Expiry Date. The Notice of Exercise must, among other things, state the number of options exercised and the consequent number of Shares to be issued. The Notice of Exercise by an Option holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of the exercise price per Share.

5. All Shares issued upon the exercise of the Options will rank equally in all respects with the Company's then issued Shares.

6. There are no participating rights or entitlements inherent in the options and the holders will not be entitled to participate in new issues or pro-rata issues of capital to shareholders during the term of the options. The option holder has no rights to a change in the exercise price of the Option or a change to the number of underlying securities over which the option can be exercised other than in relation to a Bonus Issue.

7. If there is a bonus issue (**Bonus Issue**) to shareholders, the number of Shares over which an option is exercisable will be increased by the number of Shares which the holder would have received if the option had been exercised before the record date for the Bonus Issue.

8. In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, all rights of the Option holder shall be reconstructed (as appropriate) in accordance with the ASX Listing Rules.

9. The options are transferable.

10. The Company will not apply for quotation of the options.

11. The Company will, within 7 days of the exercise of the Options, apply for official quotation by the ASX of all Shares issued upon the exercise of the options. If required, the Company will give ASX a notice that complies with section 708A(5)(e) of the Act, or, if the Company is unable to issue such a notice, lodge a prospectus prepared in accordance with the Act and do all such things necessary to satisfy section 708A(11) of the Act to ensure that an offer for sale of the Shares does not require disclosure to Investor.

12. The ASX Listing Rules prevail to the extent of any inconsistency with these terms.

MGM Wireless Limited
ABN 93 091 351 530

Need assistance?

Phone:
1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)

Online:
www.investorcentre.com/contact

YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **1:00pm (AEDT) Wednesday 27 November 2019.**

L000001

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

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

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

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

ATTENDING THE MEETING

If you are attending in person, please bring this form with you to assist registration.

Corporate Representative
If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Appointment of Corporate Representative" prior to admission. A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Lodge your Proxy Form:

Online:

Use your computer or smartphone to appoint your proxy and vote at www.investorvote.com.au or scan your personalised QR code below using your smartphone.

Your secure access information is

Control Number: 183035

SRN/HIN:

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

SAMPLE

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with '**X**') should advise your broker of any changes.

Proxy Form

Please mark ☒ to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of MGM Wireless Limited hereby appoint

☐ **the Chairman of the Meeting** **OR** _____

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

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 to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of MGM Wireless Limited to be held at the Radisson Blu Plaza, 27 O'Connell Street Sydney, NSW on Friday 29th November 2019 at 1:00pm and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Items 1, 6 & 7** (except where I/we have indicated a different voting intention in step 2) even though **Items 1, 6 & 7 are** connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.
Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on **Items 1, 6 & 7** by marking the appropriate box in step 2.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	ORDINARY BUSINESS	For	Against	Abstain
1	Adoption of Remuneration Report	☐	☐	☐
2	Re-election of Director - Ms Leila Henderson	☐	☐	☐
	SPECIAL BUSINESS			
3	Ratification of a Previous Issue of Shares to Sophisticated Investors – September 2019	☐	☐	☐
4	Ratification of Previous Issues of Convertible Notes – February 2019 to October 2019	☐	☐	☐
5	Issue Convertible Notes Pursuant to Convertible Note Facility	☐	☐	☐
6	Issue of Options to Mr Mark Fortunatow	☐	☐	☐
7	Issue of Options to Ms Leila Henderson	☐	☐	☐
8	Approval of Additional 10% Placement Capacity over a 12 Month Period	☐	☐	☐
9	Ratification of a Previous Issue of Options	☐	☐	☐
10	Ratification of a Previous Issue of Options	☐	☐	☐
11	Share Split	☐	☐	☐

SAMPLE

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s)

This section must be completed.

Individual or Securityholder 1	Securityholder 2	Securityholder 3	
			/ /
Sole Director & Sole Company Secretary	Director	Director/Company Secretary	Date

Update your communication details *(Optional)*

Mobile Number _____

Email Address _____

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

Computershare