

**Tomizone Limited**  
**ABN 99 000 094 995**

**Notice of General Meeting**

**GENERAL MEETING of Shareholders to be held at Level 36, Gateway, 1 Macquarie Place,  
Sydney NSW 2000 on Friday 20<sup>th</sup> July 2018 at 10.30 am (AEST).**

This Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their professional adviser prior to voting.

# Tomizone Limited

ABN 45 115 593 005

## NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a GENERAL MEETING of Shareholders will be held at Level 36, Gateway, 1 Macquarie Place, Sydney NSW 2000 on Friday 20<sup>th</sup> July 2018 at 10.30 am (AEST).

The Explanatory Statement attached to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

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### BUSINESS

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#### Resolution 1 - Ratification of Previous Issue of Securities

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

*“That for the purposes of ASX Listing Rule 7.4.2 and for all other purposes, the issue of a total of 12,873,665 fully paid ordinary shares as detailed in the Explanatory Statement annexed to and forming part of this Notice of Meeting is hereby approved and ratified.”*

**Voting Exclusion:** In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast in favour of the resolution by or on behalf of any person who participated in the issue and any associates of those persons. 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 direction on a 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 the direction on the proxy form to vote as the proxy decides.

#### PLEASE READ THE EXPLANATORY STATEMENT FOR THIS RESOLUTION

#### Resolution 2 - Ratification of Previous Issue of Securities

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

*“That for the purposes of ASX Listing Rule 7.4.2 and for all other purposes, the issue of a total of 600,000 fully paid ordinary shares as detailed in the Explanatory Statement annexed to and forming part of this Notice of Meeting is hereby approved and ratified.”*

**Voting Exclusion:** In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast in favour of the resolution by or on behalf of any person who participated in the issue and any associates of those persons. 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 direction on a 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 the direction on the proxy form to vote as the proxy decides.

#### PLEASE READ THE EXPLANATORY STATEMENT FOR THIS RESOLUTION

#### Resolution 3 - Ratification of Previous Issue of Securities

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

*“That for the purposes of ASX Listing Rule 7.4.2 and for all other purposes, the issue of a total of 32,000,000 fully paid ordinary shares as detailed in the Explanatory Statement annexed to and forming part of this Notice of Meeting is hereby approved and ratified.”*

**Voting Exclusion:** In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast in favour of the resolution by or on behalf of any person who participated in the issue and any associates of those persons. 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 direction on a 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 the direction on the proxy form to vote as the proxy decides.

**PLEASE READ THE EXPLANATORY STATEMENT FOR THIS RESOLUTION**

**Resolution 4 – Approval of issue of Shares for Acquisition of Sweep Internet NZ**

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

*“That for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to a total of 23,333,333 fully paid ordinary shares to the Vendors of Sweep Internet NZ (or their nominees) on the terms set out in the Explanatory Statement annexed to and forming part of this Notice of Meeting.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the resolution by or on behalf of the Vendors of Sweep Internet NZ (or their nominees) and any associates of those persons. 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 direction on a 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 the direction on the proxy form to vote as the proxy decides.

**PLEASE READ THE EXPLANATORY STATEMENT FOR THIS RESOLUTION**

**Resolution 5 – Approval of issue of Shares for Acquisition from Lighthouse Digital Limited**

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

*“That for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to a total of 14,265,000 fully paid ordinary shares to Lighthouse Digital Ltd (or its nominee) on the terms set out in the Explanatory Statement annexed to and forming part of this Notice of Meeting.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the resolution by or on behalf of Lighthouse Digital Ltd (or its nominees) and any associates of those persons. 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 direction on a 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 the direction on the proxy form to vote as the proxy decides.

**PLEASE READ THE EXPLANATORY STATEMENT FOR THIS RESOLUTION**

**Resolution 6 – Issue of shares to Director Mr Ian Bailey for unpaid directors and consulting fees**

To consider and, if thought fit, pass the following resolution as an **Ordinary Resolution**:

*"That for the purposes of ASX Listing Rule 10.11 and for all other purposes approval is given for the Company to issue up to 15,000,000 Shares to Mr Ian Bailey or his nominee in satisfaction of the sum of \$225,000 owing by the Company by way of unpaid Directors and Consulting Fees."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the resolution by or on behalf of Mr Ian Bailey or an associate of Mr Ian Bailey. 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 proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:** A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel; or

- (b) a Closely Related Party of such a member.

However, a person described above may vote on this Resolution if:

- (i) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and  
(ii) the vote is not cast on behalf of a person described in sub-paragraphs (a) or (b) above.

**PLEASE READ THE EXPLANATORY STATEMENT FOR THIS RESOLUTION**

**Resolution 7 – Issue of shares to Director Mr Matt Adams for unpaid directors and consulting fees**

To consider and, if thought fit, pass the following resolution as an **Ordinary Resolution**:

*"That for the purposes of ASX Listing Rule 10.11 and for all other purposes approval is given for the Company to issue up to 11,666,667 Shares to Mr Matt Adams or his nominee in satisfaction of the sum of \$175,000 owing by the Company by way of unpaid Directors and Consulting Fees."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the resolution by or on behalf of Mr Matt Adams or an associate of Mr Matt Adams. 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 proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:** A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel; or  
(b) a Closely Related Party of such a member.

However, a person described above may vote on this Resolution if:

- (i) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and  
(ii) the vote is not cast on behalf of a person described in sub-paragraphs (a) or (b) above.

**PLEASE READ THE EXPLANATORY STATEMENT FOR THIS RESOLUTION**

**Resolution 8 – Issue of shares to Director Mr Max Carling for unpaid directors and consulting fees**

To consider and, if thought fit, pass the following resolution as an **Ordinary Resolution**:

*"That for the purposes of ASX Listing Rule 10.11 and for all other purposes approval is given for the Company to issue up to 1,866,667 Shares to Mr Max Carling or his nominee in satisfaction of the sum of \$28,000 owing by the Company by way of unpaid Directors and Consulting Fees."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the resolution by or on behalf of Mr Max Carling or an associate of Mr Max Carling. 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 proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:** A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel; or  
(b) a Closely Related Party of such a member.

However, a person described above may vote on this Resolution if:

- (i) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and

(ii) the vote is not cast on behalf of a person described in sub-paragraphs (a) or (b) above.

**PLEASE READ THE EXPLANATORY STATEMENT FOR THIS RESOLUTION**

**Resolution 9 – Issue of shares to Alternate Director Mr Mark Ohlsson for unpaid directors and consulting fees**

To consider and, if thought fit, pass the following resolution as an **Ordinary Resolution**:

*"That for the purposes of ASX Listing Rule 10.11 and for all other purposes approval is given for the Company to issue up to 1,333,333 Shares to Mr Mark Ohlsson or his nominee in satisfaction of the sum of \$20,000 owing by the Company by way of unpaid Directors and Consulting Fees."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the resolution by or on behalf of Mr Mark Ohlsson or an associate of Mr Mark Ohlsson. 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 proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:** A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel; or
- (b) a Closely Related Party of such a member.

However, a person described above may vote on this Resolution if:

- (i) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (ii) the vote is not cast on behalf of a person described in sub-paragraphs (a) or (b) above.

**PLEASE READ THE EXPLANATORY STATEMENT FOR THIS RESOLUTION**

**Resolution 10 – Adoption of Managing Director’s Share Plan**

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

*“That for the purposes of ASX Listing Rule 7.2 (exception 9) and all other purposes, approval is given for the Company to adopt a Managing Director's Share Plan and to issue securities to the Managing Director on the terms and conditions under that plan on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the resolution by or on behalf of the managing director of the Company or an associate of the managing director. 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 proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:** A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel; or
- (b) a Closely Related Party of such a member.

However, a person described above may vote on this Resolution if:

- (i) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (ii) the vote is not cast on behalf of a person described in sub-paragraphs (a) or (b) above.

**PLEASE READ THE EXPLANATORY STATEMENT FOR THIS RESOLUTION**

**Resolution 11 – Grant of Options to Mr Ian Bailey**

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

*“That for all purposes under the Corporations Act 2001(Cth) (including sections 195 and 208, and ASX Listing Rule 10.11 and for all other purposes, approval be given and the Company be authorised to issue to Mr Ian Bailey or his nominee a total of 10,000,000 Options to purchase fully paid ordinary shares in the capital of the Company, on the terms and for the purposes set out in the Explanatory Statement annexed to and forming part of this Notice of Meeting.”*

**Voting Exclusion:** In accordance with ASX Listing Rule 14.11 and section 224 of the Corporations Act 2001 (Cth) the Company will disregard any votes cast in favour of the resolution by or on behalf of Mr Ian Bailey or an associate of Mr Ian Bailey. 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 direction on a 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 the direction on the proxy form to vote as the proxy decides.

**PLEASE READ THE EXPLANATORY STATEMENT FOR THIS RESOLUTION**

**Resolution 12 – Grant of Options to Mr Matt Adams**

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

*“That for all purposes under the Corporations Act 2001(Cth) (including sections 195 and 208, and ASX Listing Rule 10.11 and for all other purposes, approval be given and the Company be authorised to issue to Mr Matt Adams or his nominee a total of 10,000,000 Options to purchase fully paid ordinary shares in the capital of the Company, on the terms and for the purposes set out in the Explanatory Statement annexed to and forming part of this Notice of Meeting.”*

**Voting Exclusion:** In accordance with ASX Listing Rule 14.11 and section 224 of the Corporations Act 2001 (Cth) the Company will disregard any votes cast in favour of the resolution by or on behalf of Mr Matt Adams or an associate of Mr Matt Adams. 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 direction on a 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 the direction on the proxy form to vote as the proxy decides.

**PLEASE READ THE EXPLANATORY STATEMENT FOR THIS RESOLUTION**

**Resolution 13 – Grant of Options to Mr Max Carling**

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

*“That for all purposes under the Corporations Act 2001(Cth) (including sections 195 and 208, and ASX Listing Rule 10.11 and for all other purposes, approval be given and the Company be authorised to issue to Mr Max Carling or his nominee a total of 5,000,000 Options to purchase fully paid ordinary shares in the capital of the Company, on the terms and for the purposes set out in the Explanatory Statement.”*

**Voting Exclusion:** In accordance with ASX Listing Rule 14.11 and section 224 of the Corporations Act 2001 (Cth) the Company will disregard any votes cast in favour of the resolution by or on behalf of Mr Max Carling or an associate of Mr Max Carling. 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 direction on a 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 the direction on the proxy form to vote as the proxy decides.

**PLEASE READ THE EXPLANATORY STATEMENT FOR THIS RESOLUTION**

## Resolution 14 – Grant of Options to Mr Mark Ohlsson

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

*“That for all purposes under the Corporations Act 2001(Cth) (including sections 195 and 208, and ASX Listing Rule 10.11 and for all other purposes, approval be given and the Company be authorised to issue to Mr Mark Ohlsson or his nominee a total of 2,000,000 Options to purchase fully paid ordinary shares in the capital of the Company, on the terms and for the purposes set out in the Explanatory Statement annexed to and forming part of this Notice of Meeting.”*

**Voting Exclusion:** In accordance with ASX Listing Rule 14.11 and section 224 of the Corporations Act 2001 (Cth) the Company will disregard any votes cast in favour of the resolution by or on behalf of Mr Mark Ohlsson or an associate of Mr Mark Ohlsson. 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 direction on a 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 the direction on the proxy form to vote as the proxy decides.

### PLEASE READ THE EXPLANATORY STATEMENT FOR THIS RESOLUTION

## Resolution 15 – Adoption of Employee Share Option Plan

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

*“That for the purposes under ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled Employee Incentive Option Plan and for the issue of securities under that Plan, on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the resolution by or on behalf of any Director or an associate of any Director. 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 proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:** A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel; or
- (b) a Closely Related Party of such a member.

However, a person described above may vote on this Resolution if:

- (i) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (ii) the vote is not cast on behalf of a person described in sub-paragraphs (a) or (b) above.

### PLEASE READ THE EXPLANATORY STATEMENT FOR THIS RESOLUTION

## Resolution 16 – Approval of the SPP Options

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

*“That for the purposes under ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 16,685,998 SPP Options, on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** In accordance with ASX Listing Rule 14.11 and section 224 of the Corporations Act 2001 (Cth) the Company will disregard any votes cast in favour of the resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of SPP Options (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of those persons. 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 direction on a 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 the direction on the proxy form to vote as the proxy decides.

**PLEASE READ THE EXPLANATORY STATEMENT FOR THIS RESOLUTION**

**Resolution 17 – Approval of the February Placement Options**

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

*“That for the purposes under ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 16,666,667 February Placement Options, on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** In accordance with ASX Listing Rule 14.11 and section 224 of the Corporations Act 2001 (Cth) the Company will disregard any votes cast in favour of the resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of February Placement Options (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of those persons. 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 direction on a 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 the direction on the proxy form to vote as the proxy decides.

**PLEASE READ THE EXPLANATORY STATEMENT FOR THIS RESOLUTION**

**Resolution 18 – Approval of the SPP Shortfall Options**

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

*“That for the purposes under ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 16,000,000 SPP Shortfall Options, on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** In accordance with ASX Listing Rule 14.11 and section 224 of the Corporations Act 2001 (Cth) the Company will disregard any votes cast in favour of the resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of SPP Shortfall Options (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of those persons. 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 direction on a 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 the direction on the proxy form to vote as the proxy decides.

**PLEASE READ THE EXPLANATORY STATEMENT FOR THIS RESOLUTION**



## ENTITLEMENT TO VOTE

In accordance with the *Corporations Act 2001* (Cth) the board has determined that for the purposes of the meeting, a person's entitlement to vote at the meeting will be the entitlement of that person set out in the Register of Members of the Company at 5:00pm on 18<sup>th</sup> July 2018. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

## VOTING BY PROXY

- A shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of the shareholder.
- If a shareholder is entitled to cast 2 or more vote at the meeting, that shareholder may appoint 2 proxies. If a shareholder appoints 2 proxies and the appointment does not specify the proportion or number of the shareholder's votes each proxy may exercise, each proxy may exercise half of the votes.
- A proxy need not be a shareholder of the Company. The proxy appointed may be described in the Proxy Form by an office held, e.g. "the Chair of the Meeting".
- Proxy Forms must be signed by a shareholders or the shareholder's attorney or, if the shareholder is a corporation, must be under its common seal, or if it does not have one, by 2 directors or by a director and a company secretary, or if it is a proprietary company that has a sole director who is also the company secretary, by that director, or under hand of its attorney or duly authorised officer. If the Proxy Form is signed by a person who is not the registered holder of shares in the Company (i.e. under power of attorney or other authorisation), then the relevant authority (or a certified copy of such authority) must either have been exhibited previously to the Company or be enclosed with the Proxy Form.

To be effective, duly completed Proxy Forms (duly completed and executed) must be:

- received by mail at PO Box 178, Neutral Bay NSW 2089 Australia;
- in person at Level 32, 101 Miller Street, North Sydney or
- sent by email to [mark.ohlsson@tomizone.com](mailto:mark.ohlsson@tomizone.com)

by 10.30am on 18<sup>th</sup> July 2018.

By Order of the Board



Mark Ohlsson

Company Secretary

19 June 2018

## EXPLANATORY STATEMENT

This Explanatory Statement accompanies and forms part of the Notice of Meeting.

This Explanatory Statement provides information for shareholders in respect of the resolutions to be considered at the General Meeting of the Company to be held at Level 36, Gateway, 1 Macquarie Place, Sydney NSW 2000 on Friday 20<sup>th</sup> July 2018 at 10.30am (AEST).

### Resolutions 1 – 3 - Ratification and approval of previous allotments and issues of securities

The purpose of Resolutions 1 - 3 is for shareholders to approve and ratify under ASX Listing Rule 7.4, issues of securities which have occurred during the 12 months before the date of this meeting and count toward the Company's 15% limit under ASX Listing Rule 7.1.

ASX Listing Rule 7.1 provides, subject to certain exceptions, prior approval of shareholder be required for an issue of securities if the securities will, when aggregated with the securities issued by the entity during the previous 12 months, exceed 15% of the number of ordinary securities at the commencement of that 12 month period.

The issue of securities detailed in this resolution did not exceed the 15% threshold, however, ASX Listing Rule 7.4 provides that where an entity ratifies an issue of securities, the issue will be treated as having been made with the approval for the purpose of Listing Rule 7.1, thereby replenishing that entity's 15% capacity and enabling it to issue further securities up to that limit.

Resolutions 1 - 3 propose the ratification and approval of the issues of securities for the purpose of satisfying the requirements of Listing Rule 7.4.

#### Listing Rule 7.5

In compliance with Listing Rule 7.5 the following information is provided with respect to the issues of securities:-

**Resolution 1** - On 29 November 2017, 12,873,665 fully paid ordinary shares were issued at a price of 1.5 cents per share. The shares were issued to high net worth individuals and sophisticated investors. The shares rank equally with existing ordinary shares. The funds raised were used for working capital.

**Resolution 2** - On 20 February 2018, 600,000 fully paid ordinary shares were issued at a price of 1.5 cents per share. The shares were issued to high net worth individuals and sophisticated investors. The shares rank equally with existing ordinary shares. The funds raised were used for working capital.

**Resolution 3** - On 27 March 2018, 32,000,000 fully paid ordinary shares were issued at a price of 1.5 cents per share. The shares were issued to high net worth individuals and sophisticated investors. The shares rank equally with existing ordinary shares. The funds raised were used for working capital.

#### Directors' recommendation

The Board recommends that Shareholders vote in favour of Resolutions 1 - 3.

#### **Resolution 4 – Approval to issue shares to Vendors of Sweep Internet NZ**

On 11 May 2018 the Company announced that its wholly owned subsidiary Tomizone New Zealand Limited (**TNZL**) had entered into an agreement (**Purchase Agreement**) to acquire the Sweep Internet NZ business carried on by Sweep Internet NZ limited, and others. The Purchase Price for the acquisition consists of A\$350,000 plus GST (if any) at settlement, to be satisfied by the issue of up to 23,333,333 Shares. In addition, certain earn-out payments, to be paid in the form of the Company's Shares.

Shareholder approval is sought for the issue of up to 23,333,333 Shares at settlement to the Vendors of Sweep Internet NZ business.

Listing Rule 7.3 requires that the following information be provided to the Shareholders in relation to obtaining approval of Resolution 4 for the purpose of Listing Rule 7.1:

**(a) maximum number of securities to be issued**

A maximum of 23,333,333 Shares are to be issued.

**(b) Date by which the securities will be issued**

It is intended that the Shares will be issued on or about 30 June 2018 and in any case no later than 3 months from the date of the General Meeting. It is not anticipated that the Shares will be issued progressively.

**(c) the price at which the securities will be issued**

The Shares are to be issued at a deemed price of the higher of the 5 days VWAP of the Settlement Date or A\$0.015. The Settlement Date being the date that is 10 Business Days after the Purchase Agreement becomes unconditional.

**(d) The terms of the securities**

The Shares issued will be fully paid ordinary shares in the capital of the Company and rank equally in all respects with the existing fully paid ordinary shares on issue.

**(e) Names of the person to whom the entity will issue the securities or the basis on which those persons will be determined**

- Sweep Internet NZ Limited
- Chris Lang
- Andrew Woods

Or their nominees

**(f) The use of (or intended use) of the funds raised**

The Company will not raise any funds from the issue of the Shares as they form part of the purchase price for the acquisition of Sweep Internet NZ.

Directors' recommendation

The Board recommends that Shareholders vote in favour of Resolution 4.

## **Resolution 5 – Approval to issue shares to Lighthouse Digital Limited**

On 16 May 2018 the Company announced that its wholly owned subsidiary Tomizone New Zealand Limited (**TNZL**) had entered into an agreement (**Purchase Agreement**) to acquire the digital marketing and advertising business carried on by Lighthouse Digital Limited. The Purchase Price for the acquisition consists of initial payment at time of Completion (subject to certain adjustment ) (**Initial Payment**), and earn-out payment post the Completion (**Earn-Out Payment**), to be paid in the form of the Company's Shares.

The Initial Payment will be adjusted by NZ\$2000 per network screen installed greater than 70 at the time of Completion, amount of debtors and cash in bank, less any liabilities, as of Completion, therefore the final amount will not be known until Completion. However the Company estimates that the Initial Payment will be no more than NZ\$225,000 (equivalent to approximately AU\$213,975, based on exchange rate of NZ\$1 =AU\$0.951, being the lowest AUD:NZD exchange rate over the last 90 days).

The Initial Payment is to be satisfied by the issue of Shares at the higher of the 5 day VWAP at Completion or AU\$0.015 per share, and accordingly Shareholder approval is sought for the issue of up to a maximum of 14,265,000 Shares for payment of the Initial Payment to Lighthouse Digital Limited.

The approval being sought is the maximum number of shares that may be issued, taking into account of the possibility of any unfavourable exchange rate movement and upward adjustment of the Initial Payment at Completion. The actual number of shares that will be issued will be based at the higher of the VWAP or \$0.015 per share. Accordingly, if the 5 days VWAP is higher than \$0.015, a lesser number of shares than that being proposed to be approved here, will be issued.

In the unlikely event that the number of shares corresponding to the Initial Payment exceeds the number of shares approved for issue by this Resolution 5, the balance will be paid in cash.

Listing Rule 7.3 requires that the following information be provided to the Shareholders in relation to obtaining approval of Resolution 5 for the purpose of Listing Rule 7.1:

**(a) maximum number of securities to be issued**

A maximum of 14,265,000 Shares are to be issued.

**(b) Date by which the securities will be issued**

It is intended that the Shares will be issued on or about 30 June 2018 and in any case no later than 3 months from the date of the General Meeting. It is not anticipated that the Shares will be issued progressively.

**(c) the price at which the securities will be issued**

The Shares are to be issued at a deemed price of the higher of the 5 days VWAP of the Settlement Date or A\$0.015. The Settlement Date being the date that is 10 Business Days after the Purchase Agreement becomes unconditional.

**(d) The terms of the securities**

The Shares issued will be fully paid ordinary shares in the capital of the Company and rank equally in all respects with the existing fully paid ordinary shares on issue.

**(e) Names of the person to whom the entity will issue the securities or the basis on which those persons will be determined**

Lighthouse Digital Limited, or their nominees

**(f) The use of (or intended use) of the funds raised**

The Company will not raise any funds from the issue of the Shares as they form part of the purchase price for the acquisition of the digital marketing and advertising business from Lighthouse Digital Limited.

Directors' recommendation

The Board recommends that Shareholders vote in favour of Resolution 5.

**Resolutions 6 - 9 - Approval to Issue Shares to Directors and alternate Director for payment of owed directors and consulting fees**

Resolutions 6 - 9 seek Shareholder approval for the issue of shares to satisfy unpaid Consulting and Directors fees owed to the Directors and Mr Mark Ohlsson (an alternate Director). Each of the Directors and Mr Ohlsson (an alternate Director) has agreed to accept payment of amounts owing to them by way of unpaid Director's and Consulting Fees in shares rather than in cash in order to assist in conserving the Company's cash. The Shares will be issued at the higher of A\$0.015 or the prevailing 5 days VWAP at time of issue.

The amounts owing to each of them and the maximum number of shares that may be issued are as follows:

<b>Name</b>	<b>Unpaid Director's Fees</b>	<b>Unpaid Consulting Fees</b>	<b>Maximum Number of Shares to be issued</b>
Mr Ian Bailey	\$67,500	\$157,500	15,000,000
Mr Matt Adams	\$45,000	\$130,000	11,666,667
Mr Max Carling	\$16,000	\$12,000	1,866,667
Mr Mark Ohlsson	0	\$20,000	1,333,333

As the Shares to be issued in satisfaction of the amounts owing will be issued at the higher of \$0.015 per share or the five days VWAP for the Shares at the time of issue, their issuance will be at the then current market price for shares.

Accordingly, the shares will be issued on arm's length terms, and approval under Chapter 2E of the Corporations Act is not required.

ASX Listing Rule 10.11

ASX Listing Rule 10.11 provides that a company must not permit any of the following persons to acquire securities without the approval of holders of ordinary securities of the acquisition:

- (a) a director of the company;
- (b) an associate of a director of the company; or

- (c) a person whose relationship with the company or a person referred to in (a) or (b) above is, in ASX's opinion, such that approval should be obtained.

If Resolutions 6, 7, 8 and 9 are passed, Shares will be issued to the Related Parties, who are Directors of the Company (or their nominee(s)). Therefore, the Company requires Shareholder approval to issue the Shares to the Related Parties (or their nominee(s)).

#### Technical Information required by 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 issues of Shares pursuant to Resolutions 6 to 9:

- (a) the proposed recipients of the Shares pursuant to Resolutions 6 to 9 are all of the Directors of the Company, being Mr Ian Bailey, Mr Matt Adams, Mr Max Carling and Mr Mark Ohlsson (an alternate Director) and/or their nominees;
- (b) the Shares will be issued within one month of the date of the General Meeting;
- (c) the issue price to be used to calculate the number of Shares which will be issued in satisfaction of amounts owing will be the higher of AU\$0.015 or the prevailing 5 days VWAP;
- (d) the Shares to be issued are fully paid ordinary shares and will rank equally in all respects with the Company's existing Shares on issue and will be issued for nil cash consideration as they will be issued in satisfaction of monies owing by the Company to the relevant Director. Therefore, no funds will be raised from the issue of the Shares as there will be no change to the Company's cash position.

#### **Resolution 10 – Adoption of Managing Director's Share Plan**

Resolution 10 seeks Shareholder approval to establish and maintain a Managing Director's Share Plan (**MDSP**). The purpose of the MDSP is to permit the Company to issue shares to the Managing Director in lieu of cash for Managing Director's fees, thereby conserving the Company's cash.

#### ASX Listing Rules

ASX Listing Rule 10.11 provides that a company must not permit a related party to acquire securities without the approval of holders of ordinary securities of the acquisition unless one of the exceptions in Listing Rule 10.12 applies.

If Resolution 10 is passed, Shares may be issued to the Managing Director (or his nominee(s)) who are related parties of the Company, which requires the approval of shareholders under Listing Rule 10.11 unless an exception under Listing Rule 10.12 applies.

Exception 4 of Listing Rule 10.12 provides for such exception provided that the issue of securities is under an employee incentive scheme made with the approval of holders of ordinary securities under Listing 10.14.

The effect of Resolution 10 will be to allow the Company to issue shares to the Managing Director pursuant to the MDSP during the period of 3 years after the Meeting (or a longer period, if allowed by ASX), and to issue Shares to the Managing Director, without using the Company's 15% annual placement capacity. No Shares may be issued to the Managing Director without separate Shareholder approval pursuant to ASX Listing Rule 10.14.

### Terms of the MDSP

The terms of the MDSP are provided in Schedule 1 to this Explanatory Statement. A copy of the MDSP will be made available to any Shareholder on request. No Shares have been issued under the MDSP as at the date of the Explanatory Statement. However, subject to the passing of Resolution 10, the Company may issue up to a total of 60,000,000 Shares to Mr Matt Adams (or nominee) pursuant to this resolution over a three year period.

However, this maximum allotment would only occur if:

- (a) the Mr Adams elects to take his entire fees over a three year period in Shares (rather than cash);and
- (b) the Share price is at or below \$0.015 cents per Share, assuming the Managing Director's salary is at its current level of \$300,000.

### Corporations Act

Subject to the passing of Resolution 10, the Company will have agreed to issue a total of up to 60,000,000 Shares (**MDSP Shares**) based on a Share price that is equal to the five days volume weighted average sale price of ordinary shares sold through the ASX, to Mr Matt Adams (or nominee) (together the Related Parties) pursuant to the Company's MDSP.

As the Shares to be issued under the MDSP will be issued at the five day VWAP for shares immediately prior to their issue, their issuance will be at the then current market price for shares.

Accordingly, the shares will be issued on arm's length terms, and approval under Chapter 2E of the Corporations Act is not required.

### Technical Information required by Listing Rules 10.14 and 10.15A

Pursuant to and in accordance with the requirements of ASX Listing Rules 10.14 and 10.15A, the following information is provided in relation to the proposed issues of MDSP Shares pursuant to Resolution 10:

- (a) the proposed recipients of the MDSP Shares pursuant to Resolution 10 is the Managing Director of the Company, being Mr Matt Adams (and/or his nominees);
- (b) the maximum number of MDSP Shares to be issued under the MDSP is a total of up to 60,000,000 MDSP Shares, which may be issued on a quarterly basis in lieu of part or all of the cash remuneration owing to the Managing Director as Managing Director's salary (which is currently \$300,000 per annum exclusive of GST/superannuation);
- (c) the issue price that will be used to calculate the number of MDSP Shares which may be issued in lieu of the Managing Director's cash remuneration shall be the 5 days VWAP of the Shares prior to the date of issue.

By way of example, if \$15,000 of the Managing Director's fees are to be converted into MDSP Shares, and the 5 days VWAP prior to the date of issue is \$0.015, that equates to 1,000,000 MDSP Shares.

In the event that the VWAP is less than \$0.015, then the cap of 60,000,000 MDSP shares will apply. There will be no more than 60 million shares issued under the MDSP and the balance will be paid in cash, i.e. if the VWAP is \$0.005 and the 60 million MDSP shares have been issued in the first year, there will be payment of \$600,000 in cash for the remaining two years.

- (d) the MDSP Shares to be issued are fully paid ordinary shares and will rank equally in all respects with the Company's existing Shares on issue and will be issued for nil cash consideration as they will be issued in lieu of the Managing Director's fees owing by the Company to the Managing Director. Therefore, no funds will be raised from the issue of the MDSP Shares as there will be no change to the Company's cash position. No MDSP Shares have previously been issued under the MDSP, nor has the MDSP previously been adopted by Shareholders;
- (e) the Managing Director of the Company is entitled to participate in the MDSP subject to Board approval,
- (f) no loans will be provided for the issue of the MDSP Shares;
- (g) details of any MDSP Shares issued under the MDSP will be published in each annual report of the Company relating to a period in which MDSP Shares have been issued, and that approval for the issue of MDSP Shares was obtained under Listing Rule 10.14;
- (h) any additional persons who become entitled to participate in the MDSP after Resolution 10 is approved and who were not named in this Notice of Meeting will not participate until approval is obtained under Listing Rule 10.14; and
- (i) the MDSP Shares will be issued, pursuant to the MDSP, to the Managing Director no later than 3 years after the date of the General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the MDSP Shares will be issued progressively on a quarterly basis or potentially at different times, in lieu of part or all of his cash remuneration entitlements.

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the MDSP Shares pursuant to Resolution 10, as approval is being obtained under ASX Listing Rule 10.14. Accordingly, the issues of MDSP Shares to Mr Matt Adams (and/or his nominees) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1 and 10% annual placement pursuant to ASX Listing Rule 7.1A.

#### Directors' recommendation

The Directors, other than the Managing Director, recommend the shareholders vote in favour of Resolution 10.

#### **Resolutions 11 - 14 - Issue of Options to Directors**

The Company proposes to grant to Officers of the Company and others

- i) 13,500,000 options each with an exercise price of 2.5 cents, expiring in 2020, (the "**2020 Options**"); and
- ii) 13,500,000 options each with an exercise price of 3.5 cents, expiring in 2022 (the "**2022 Options**")

(each an "**Option**" and together the "**Options**"). The issue of the Options is designed to align the interests of the Officers and others with those of the Company and its shareholders and is intended to provide incentive for them to further enhance the growth and value of the Company.



## Introduction

The ASX Listing Rules and the *Corporations Act (Cth)* 2001 (“Corporations Act”) (in certain circumstances) require shareholder approval to be obtained for the issue of the Options to Directors. Accordingly, approval for the issue of the Options is sought in accordance with the provisions of Listing Rule 10.11 of the ASX Listing Rules and Chapter 2E of the Corporations Act.

The proposed Resolutions 11 - 14 if passed will approve the issue of securities to and confer financial benefits upon Directors of the Company and a previous Director of one of the Company’s subsidiaries. The Company seeks to obtain member approval in accordance with the requirements of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11. Accordingly, information required under the ASX Listing Rules and the Corporations Act as well as information that will properly enable shareholders to consider Resolutions 11 - 14 is presented below.

## Corporations Act

Section 208 of the Corporations Act provides that for a public company to give a financial benefit to a related party it must obtain the prior approval of its members.

A “related party” for the purposes of the Corporations Act includes a director of a public company and a person who has been a director in the preceding 6 months or is likely to become a director. A “financial benefit” for the purposes of the Corporations Act is widely defined and includes a public company granting options to a related party. The granting of Options to Directors as contemplated by Resolutions 11 - 14 constitute the giving of a financial benefit and accordingly, the Company is seeking shareholder approval under section 208 of the Corporations Act to approve the grant of the Options.

The resolutions are also put pursuant to section 195(4) of the Corporations Act. Section 195(1) provides that a director of a public company who has a material personal interest in a matter that is being considered at a directors’ meeting must not be present when the matter is being considered at the meeting or vote on the matter.

## ASX Listing Rules

ASX Listing Rule 10.11 provides that a company must not issue or agree to issue equity securities to a related party of the company, such as a director, without the company first obtaining the approval by ordinary resolution of its shareholders (unless an exception in ASX Listing Rule 10.12 applies).

For the purposes of the ASX Listing Rules Mr Bailey, Mr Adams, Mr Carling and Mr Ohlsson are related parties. Accordingly, the Company is seeking approval of shareholders under ASX Listing Rule 10.11 for the proposed grant of Options. If shareholders approve the issue of the Options under ASX Listing Rule 10.11, separate approval is not required under ASX Listing Rule 7.1. Accordingly, if Resolutions 11 - 14 are passed, the grant of Options will not be taken into account in the 15% calculation of the Company’s annual placement capacity imposed by ASX Listing Rule 7.1.

If the Options are exercised for shares, the shares will be issued on the same terms as all other ordinary shares of the Company currently on issue. The Options are issued on the terms set out under the heading “Terms and Conditions of the Options” set out in Schedule 3 .

Pursuant to ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Options:

- the maximum number of Options proposed to be granted to Mr Bailey is 5,000,000 2020 Options and 5,000,000 2022 Options;
- the maximum number of Options proposed to be granted to Mr Adams is 5,000,000 2020 Options and 5,000,000 2022 Options;

- the maximum number of Options proposed to be granted to Mr Carling is 2,500,000 2020 Options and 2,500,000 2022 Options;
- the maximum number of Options proposed to be granted to Mr Ohlsson is 1,000,000 2020 Options and 1,000,000 2022 Options.
- subject to shareholder approval, the Options will be granted as soon as practicable after the date of the General Meeting and in any event no later than 1 month after the date of the General Meeting;
- the Options will be issued at an issue price of \$0.0001 each;
- the exercise price of the Options will be \$0.025 each for the 2020 Options and \$0.035 each for the 2022 Options;
- the terms and conditions of the Options proposed to be granted are set out below; and
- the funds raised from the grant of the Options and the exercise of the Options will form part of the working capital of the Company.

#### Corporate Governance

The ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations (Box 8.1) recognise that most executive remuneration packages will involve a balance between fixed and incentive pay. The Options granted to the Directors constitute equity-based remuneration. The Board believes that the Options are an effective tool to provide incentives to the Directors and promote the interests of the Company and its shareholders.

#### Potential Benefits – Issue of Options

If the Options are issued pursuant to the proposed Resolutions 11 - 14, the Company considers that the following benefits will arise:

- The Directors will have a vested interest in the affairs of the Company and incentives to ensure that the Company is able to create a successful and profitable business. The consequential increase in shareholder value and the market price of the shares of the Company will benefit all shareholders, notwithstanding the dilutionary effect on shareholders of the Options being exercised;
- the issue of the Options is a non-cash form of remuneration, thus conserving the Company's cash reserves. The issue of the Options therefore enables the Company to provide the Directors with a reward for services provided and an incentive for future services they will provide to the Company to further progress the Company in a cost-effective manner, as opposed to other forms of remuneration, such as cash; and
- the exercise of the Options will provide working capital for the Company at no significant cost. If all of the Options proposed to be issued to the Directors are ultimately exercised, an amount of approximately \$810,000 would be subscribed into the capital of the Company. As the Options are to be granted for \$2,700 consideration there will \$2,700 raised by the Company in granting the Options.

Furthermore, the Board considers it important to adequately compensate the Directors in order to attract and retain people with appropriate qualifications and skills to be able to contribute to the success of the Company.

#### Potential Costs – Issue of Options

The potential cost to the Company of the issue of the Options to the Directors is that there will be a dilution of the issued share capital if the Options are exercised.

If the Options are exercised at a time when the market price of the Company's shares is greater than the exercise price of the Options, there will be a detriment insofar as the Company will be required to issue shares at a price lower than it might otherwise have been able to, with the result that less funds will be raised.

From an economic and commercial point of view the Board considers that the potential cost and detriment to the Company resulting from the granting of the Options is nominal given that the Options are out of the money at the date of the issue.

If all of the Options to be issued under Resolution 11 - 14 are exercised and no further shares are issued by the Company in the meantime, the total number of ordinary fully paid shares issued would increase by 27,000,000 to 434,614,010 and the newly issued shares would comprise 6.2% of the issued shares at that time. The effect will be to dilute the shareholding of existing shareholders by approximately 6.2% on an undiluted basis (based on 407,614,010 shares currently on issue).

If all of the Options to be issued under Resolution 11 - 14 and other options held by Directors are exercised and no further shares are issued by the Company in the meantime, the total number of ordinary fully paid shares issued would increase by 27,000,000 to 434,614,010 and the newly issued shares would comprise 6.2% of the issued shares at that time. The effect will be to dilute the shareholding of existing shareholders by approximately 6.2% on an undiluted basis (based on 407,614,010 shares currently on issue).

The lowest and highest price of shares in the Company in the past 12 months on the ASX was 1 cent on 28 May 2018 and 2.4 cents on 18 September 2017 respectively.

The closing price of shares in the Company on 18 June 2018, the last trading day before lodgement of the Notice of General Meeting and Explanatory Statement with the ASX was \$0.013.

#### Valuation of Options

The Options are not currently quoted on the ASX and as such have no market value. It is not intended for the Options to be listed on the ASX. The Options will grant the Directors a right to one share in the Company upon exercise of an Option and payment of the exercise price of the Option. Accordingly, the Options may have a present value at the date of their grant. The Options may acquire future value dependent upon the extent to which the shares exceed the exercise price of the Options during the term of the Options.

It is a requirement of ASIC that a dollar value be placed on the Options to be issued in these circumstances.

As a general proposition, options to subscribe for ordinary fully paid shares in a company have value. Various factors impact upon the value of options including things such as:

- the period outstanding before the expiry date of the options;
- the exercise price of the options relative to the underlying price or value of the securities into which they may be converted;
- the proportion of the issued capital as expanded consequent upon exercise represented by the shares issued upon exercise (i.e. whether or not the shares that might be acquired upon exercise of the options represent a controlling or other significant interest);
- the value of the shares into which the options may be converted; and
- whether or not the options are listed (i.e. readily capable of being liquidated),

There are various formulae which can be applied to determining the theoretical value of options including the formula known as the Black Scholes option price calculation.

The Black Scholes option price calculation method has been used to value the Options based on the assumed exercise price of 2.5 cents for the 2020 Options and 3.5 cents for the 2022 Options. In determining the value of the Options, the following inputs have been assumed:

- (a) the Options are granted for \$2,700 consideration and vest immediately;
- (b) assumed exercise price: 2.5 cents for the 2020 Options and 3.5 cents for the 2022 Options;
- (c) grant date: 30 June 2018
- (d) expiry dates: 30 June 2020 for the 2020 Options and 30 June 2022 for the 2022 Options
- (e) share price at grant date: estimated 1.5 cents
- (f) expected price volatility of the Company's shares: 100%
- (g) expected dividend yield: 0
- (h) risk-free interest rate: 1.5%

Using the Black Scholes option price calculation method and the assumed data outlined above, the 2020 Options have been valued at \$0.006 each and the 2022 Options have been valued at \$0.0082 each.

Accordingly, the total value of the proposed Options to be granted to

- (a) Mr Bailey is \$71,000 over the term of the Options.
- (b) Mr Adams is \$71,000 over the term of the Options.
- (c) Mr Carling is \$35,500 over the term of the Options.
- (d) Mr Ohlsson is \$14,200 over the term of the Options.

Accordingly, the total balance sheet impact attributable to the granting of the Options is \$191,700 over the term of the Options. In determining the number and terms of the Options to be issued to the Directors, consideration was given to the relevant experience and role of each of the Directors and their respective remuneration terms, the current market price of shares in the Company and the terms of the recent option packages granted to directors of other companies within the sector in which the Company operates.

#### Identifying the Related Parties

The related party to whom Resolution 11 would permit financial benefits to be given is Mr Bailey.

The related party to whom Resolution 12 would permit financial benefits to be given is Mr Adams.

The related party to whom Resolution 13 would permit financial benefits to be given is Mr Carling.

The related party to whom Resolution 14 would permit financial benefits to be given is Mr Ohlsson.

### Current remuneration and interests

Details of the Director's proposed annualised remuneration, as well as their interests (both direct and indirect) in the Company as at the date of the Notice are outlined below:

<b>Director</b>	<b>Salary/fees p.a. (incl. superannuation)</b>	<b>Share interests</b>	<b>Current Option interests</b>	<b>Total Option interests if Resolutions passed</b>
Ian Bailey	\$90,000	47,323,015	0	10,000,000
Matt Adams	\$300,000	0	0	10,000,000
Max Carling	\$60,000	0	0	5,000,000
Mark Ohlsson	\$60,000	0	0	2,000,000

### Financial Benefits

The nature of financial benefits to be provided to the Directors is set out in the first section of the discussion on Resolutions 11 - 14.

### Directors' Interests in the Company

If all of the Options to be issued under Resolutions 11 - 14 are exercised and no further shares are issued by the Company in the meantime, the total number of ordinary fully paid shares issued would increase by 27,000,000 to 434,614,010 and the newly issued shares would comprise 6.2% of the issued shares at that time thus diluting the shareholding of existing shareholders also by approximately 6.2% on an undiluted (excluding existing options) basis.

The following table sets out the current interests (both directly and indirectly) of the Directors holding of ordinary fully paid shares in the Company and their entitlement if they exercised all of the Options referred to in Resolutions 11 - 14 and no other shares are issued by the Company).

<b>Director</b>	<b>No. of Shares (current)</b>	<b>No. of Shares (post exercise of Directors Options related to Resolutions 11 - 14)</b>	<b>% of Issued Capital (post exercise of Options related to Resolutions 11 - 14)</b>	<b>No. of Shares (post exercise of all Directors Options)</b>	<b>% of Issued Capital (post exercise of all Directors Options)</b>
Mr Ian Bailey	47,323,015	57,323,015	13.19%	57,323,015	13.19%
Mr Matt Adams	0	10,000,000	2.3%	10,000,000	2.3%
Mr Max Carling	0	5,000,000	1.15%	5,000,000	1.15%
Mr Mark	0	2,000,000	0.46%	2,000,000	0.46%

Ohlsson					
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#### Directors' Interests Recommendations

Each of the directors named in Resolutions 11 to 14 has an interest in the outcome of the Resolution in which they are named by reason of the benefit that they will receive if each relevant Resolution is passed and therefore declines to make a recommendation to Shareholders in relation to that Resolution.

In accordance with ASIC's view that it is good practice for Directors to avoid making a recommendation for resolutions about each other's remuneration, as there may be a conflict of interest, the Directors make no recommendation in relation to Resolutions 11 to 14.

#### Taxation Consequences

No stamp duty will be payable in respect of the grant of the Options. No GST will be payable by the Company in respect of the grant of the Options (or if it is then it will be recoverable as an input credit).

Other than the information above and otherwise set out in this Explanatory Statement, the Directors believe that there is no other information known to the Company or its Directors that will be reasonably required by shareholders to make a decision in relation to benefits contemplated by the proposed Resolutions 11 to 14.

#### Use of funds raised

The Options will be issued for \$2,700 cost and no funds will be raised from the issue of the Options unless and until they are exercised. If all of the Options are exercised the amount of funds raised from the Options the subject of Resolutions 11 - 14 will amount to a total of \$810,000. The funds raised will form part of the working capital of the Company.

### **Resolution 15 – Approval of Employee Incentive Option Plan**

#### Introduction

Resolution 15 seeks Shareholders approval for the adoption of an employee incentive scheme titled "Employee Incentive Option Plan" (**ESOP**) in accordance with ASX Listing Rule 7.2 (Exception 9 (b)).

#### ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period other than that amount which represent 15% of the number fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.2 (Exception 9 (b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1

If Resolution 15 is passed, the Company will be able to issue Options under the ESOP to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total securities without Shareholder approval in any 12 month period.

The objective of the ESOP is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the ESOP and the future issue of Options under the ESOP will provide selected employees with the option to participate in the future growth of the Company. This is the first employee incentive option plan proposed for the Company.

Any future grant of Option under the ESOP to a related party or a person whose relation with the Company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

A summary of the key terms and conditions of the ESOP is set out in Schedule 4. In addition, a copy of the ESOP is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the ESOP can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns

#### Directors Recommendation

The Board recommends that Shareholders vote in favour of Resolution 15.

### **Resolution 16 – Approval of the issue of the SPP Options**

Resolution 16 seeks Shareholder approval to the issue of up to 16,685,998 Options pursuant to the shareholder purchase plan conducted by the Company in February 2018.

As announced by the Company on 19 February 2018, the Company conducted a Share Purchase Plan (**SPP**) to raise \$1million. Under the SPP, eligible shareholders were offered Shares at the offer price of \$0.015 per Share. The SPP closed on 12 March 2018 and 33,371,996 ordinary shares were subscribed. Under the SPP, for every 2 Shares subscribed, the participant is also entitled to apply for an Option with the exercise price of \$0.025 with 1 year expiry ("**SPP Option**"). This Resolution seeks approval to the issue of the Options that the participants of the SPP are entitled to apply for.

#### ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions or without the approval of holders of ordinary securities, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Resolution 16 is therefore seeking the shareholders' approval for the purpose of ASX Listing Rule 7.1.

#### Information required by the ASX Listing Rules

For the purposes of ASX Listing Rule 7.3, the following information is provided regarding the grant of options placement contemplated by Resolution 16:

- (a) Maximum number of securities the entity is to issue: 16,685,998 SPP Options.
- (b) Date of issue: As soon as possible after the shareholders' approval but in any event no later than 3 months after the date of the meeting.
- (c) Issue price: The SPP Options will be issued for no consideration; the exercise price of the Options will be \$0.025 per option with an expiry date of 1 year from issue date.

- (d) Names of the persons to whom the entity will issue the securities or the basis upon which those persons will be identified: Eligible Shareholders of the Company who have subscribed Shares under the SPP.
- (e) Terms of issue: the SPP Options will be offered under a separate prospectus which will be issued following and subject the shareholders' approval of this Resolution. The 'Terms and Conditions of the SPP Options' are extracted in Schedule 5.
- (f) Use of funds: The funds raised from the exercise of the SPP Options will form part of the working capital of the Company.
- (g) Voting exclusion statement: See Notice of General Meeting above, Resolution 16.

#### Directors Recommendation

The Board recommends that Shareholders vote in favour of Resolution 16.

### **Resolution 17 – Approval of the issue of the February Placement Options**

Resolution 17 seeks Shareholder approval to the issue of up to 16,666,667 Options to the subscribers under the Private Placement.

As announced by the Company on 19 February 2018, the Company completed a placement of 33,333,334 Shares at \$0.015 per Share (**Placement Shares**) to raise \$500,000 (**Private Placement**). For every two (2) Placement Shares subscribed, the Subscribers under the Private Placement are also entitled to apply for an Option with the exercise price of \$0.025 with 1 year expiry ("**February Placement Option**"). This Resolution seeks approval to the issue of the Options that the Subscribers of the Private Placement are entitled to apply for.

#### ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions or without the approval of holders of ordinary securities, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Resolution 17 is therefore seeking the shareholders' approval for the purpose of ASX Listing Rule 7.1.

#### Information required by the ASX Listing Rules

For the purposes of ASX Listing Rule 7.3, the following information is provided regarding the grant of options placement contemplated by Resolution 17:

- (a) Maximum number of securities the entity is to issue: 16,666,667 Placement Options.
- (b) Date of issue: As soon as possible after the shareholders' approval but in any event no later than 3 months after the date of the meeting.
- (c) Issue price: The Placement Options will be issued for no consideration; the exercise price of the Placement Options will be \$0.025 per option with an expiry date of 1 year from issue date.
- (d) Names of the persons to whom the entity will issue the securities or the basis upon which those persons will be identified: Subscribers of the Private Placement being



sophisticated investors. Terms of issue: the Placement Options will be offered under a separate prospectus which will be issued following and subject the shareholders' approval of this Resolution. The 'Terms and Conditions of the February Placement Options' are extracted in Schedule 5.

- (e) Use of funds: The funds raised from the exercise of the Placement Options will form part of the working capital of the Company.
- (f) Voting exclusion statement: See Notice of General Meeting above, Resolution 17.

#### Directors Recommendation

The Board recommends that Shareholders vote in favour of Resolution 17.

### **Resolution 18 – Approval of the issue of the SPP Shortfall Options**

Resolution 18 seeks Shareholder approval to the issue of up to 16,000,000 Options to the subscribers under the SPP Shortfall Placement.

As announced by the Company on 21 March 2018, the Company completed a SPP shortfall placement (**SPP Shortfall Placement**) of 32,000,000 Shares at \$0.015 per Share (**Shortfall Placement Shares**) to raise \$480,000. For every two (2) Shortfall Placement Shares subscribed, the Subscribers under the SPP Shortfall Placement are also entitled to apply for an Option with the exercise price of \$0.025 with 1 year expiry ("**SPP Shortfall Option**"). This Resolution seeks approval to the issue of the Options that the subscribers of the SPP Shortfall Placement are entitled to apply for.

#### ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions or without the approval of holders of ordinary securities, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Resolution 18 is therefore seeking the shareholders' approval for the purpose of ASX Listing Rule 7.1.

#### Information required by the ASX Listing Rules

For the purposes of ASX Listing Rule 7.3, the following information is provided regarding the grant of options placement contemplated by Resolution 18:

- (a) Maximum number of securities the entity is to issue: 16,000,000 SPP Shortfall Options.
- (b) Date of issue: As soon as possible after the shareholders' approval but in any event no later than 3 months after the date of the meeting.
- (c) Issue price: The SPP Shortfall Options will be issued for no consideration; the exercise price of the Options will be \$0.025 per option with an expiry date of 1 year from issue date.
- (d) Names of the persons to whom the entity will issue the securities or the basis upon which those persons will be identified: Subscribers of the SPP Shortfall Placement being sophisticated investors.
- (e) Terms of issue: the SPP Shortfall Options will be offered under a separate prospectus which will be issued following and subject the shareholders' approval

of this Resolution. The 'Terms and Conditions of the SPP Shortfall Options' are extracted in Schedule 7.

- (f) Use of funds: The funds raised from the exercise of the SPP Shortfall Option will form part of the working capital of the Company.
- (g) Voting exclusion statement: See Notice of General Meeting above, Resolution 18.

Directors Recommendation

The Board recommends that Shareholders vote in favour of Resolution 18.

## SCHEDULE 1

### MANAGING DIRECTOR SHARE PLAN TERMS

#### 1. DEFINITIONS

##### 1.1 In this Plan:

**Application** means a form of application by which Eligible Participants accept an Offer made by the Company.

**Application Period** means the period, to be determined by the Board, within which any Application must be received by the Company.

**ASX** means ASX Limited or the Australian Securities Exchange (as the context requires).

**Board** means the Board of Directors of the Company or a committee of them.

**Bonus Issue** means an allotment by the Company to its shareholders of ordinary shares credited as fully paid up, whether by way of capitalisation of profits or reserves or share premium account or capital redemption reserve fund or otherwise.

**Class Order** means ASIC Class Order 03/184.

**Company** means Tomizone Limited (ACN (000 094 995)).

**Determination Date** means the last day of each Relevant Period.

**Director Fees** means the sum of Director fees that are due and payable by the Company to the relevant Eligible Participant in each Relevant Period.

**Elected Directors Fees** means the portion of Directors Fees specified by a Participant in an Application as being subject to conversion into Plan Shares in accordance with these Terms and Conditions.

**Eligible Participant** means a managing director of the Company.

**Issue Price** means the price at which a Plan Share is issued in accordance with clause 3 of these Terms and Conditions.

**Listing Rules** means the Listing Rules of the ASX as amended from time to time.

**Offer** means an offer made by the Company to an Eligible Participant to acquire

**Participant** means an Eligible Participant or an Associate of an Eligible Participant who accepts an Offer to acquire shares under the Plan.

**Plan** means the plan established by these Terms and Conditions known as the Managing Director Share Plan.

**Plan Shares** means ordinary fully paid shares in the Company issued pursuant to the Plan.

**Relevant Period** means each calendar month of service provided by the Eligible Participant in which Directors' Fees have accrued to the Director but have not been paid by the Company.

**Rights Issue** means an offer or invitation by the Company made to the holders of fully paid ordinary shares in the capital of the Company (on a pro rata basis) to subscribe for Securities of the Company or of any other corporation (whether by way of renounceable or

non-renounceable rights or otherwise) but does not include an offer or invitation to participate in a dividend reinvestment scheme.

**Securities** includes shares, stock, debentures, debenture stock, notes and any options to subscribe for the same.

**Settlement Date** means the date 5 Business Days after the end of the Acceptance Period or such other date which the Board determines to be the date on which the Plan Shares will be issued and allotted.

**Subsidiaries**, has the same meaning as in the Corporations Law.

**Terms and Conditions** means these terms and conditions as amended from time to time.

Unless the context otherwise requires, words defined in the Listing Rules or in the Corporations Law will have the same meanings in this document.

Words denoting the singular shall include the plural and vice versa and words denoting one gender shall include all genders.

## 2. OFFER OF PLAN SHARES

The Company shall, in respect of each Relevant Period, make an Offer to each Eligible Participant (including any Eligible Participants who have previously received an Offer).

Each Offer must be in writing and must specify (or alternatively, the documents accompanying the Offer must specify), amongst other things:

- (a) the entitlement of the Eligible Participant for which he or she may apply (as determined by the Directors having regard to the quantum of Director Fees owed to the Eligible Participant at the Determination Date);
- (b) that the Participant may lodge an Application with the Company to acquire all, or some of the Plan Shares offered in the Offer on the basis that the Participant elects to convert all, or only a portion of, the Directors Fees owed at the Determination Date;
- (c) that, by lodging an Application, the Participant will be taken to have elected to acquire the number of Plan Shares in the Application (which shall be equal to the total, or a portion, of, the Directors Fees at the Determination Date, divided by the Issue Price;
- (d) that, by lodging an Application, the Participant will be taken to have acknowledged that the issue of Plan Shares in response to the Participant's Application shall be in full and final satisfaction of the Company's obligation to pay the Elected Director Fees to the Participant;
- (e) the obligations of the Participant; and
- (f) the Application Period,

and must contain such other information and be accompanied by such other documents as may be required by law or the Listing Rules.

Any Offer made by the Company may only be accepted by the Eligible Participant.

The Board may require the Eligible Participant to provide any information that the Board requests concerning the person's entitlement to lodge an application under this Plan.

Any Offer made by the Company may be accepted by the Eligible Participant completing, signing and returning to the Company the Application.

Any acceptance of an Offer will only be effective if received by the Company within the Acceptance Period.

### **3. ISSUE PRICE**

Each Plan Share issued pursuant to an Offer must be issued and allotted by the Company at an Issue Price that is equal to the volume weighted average sale price of ordinary shares sold through the ASX in the ordinary course of trade over the 5 trading days prior to the Determination Date for the Relevant Period.

### **4. ACQUISITION OF PLAN SHARES**

Upon receipt by the Company of an Application, the Company must determine to issue and allot those Plan Shares to the Participant on the basis that the Elected Director Fees be applied towards payment to the Company of the Issue Price of the Plan Shares, in full and final satisfaction of the Company's obligation to pay the Elected Director Fees to the Participant.

### **5. RIGHTS OF PARTICIPANT IN RESPECT OF PLAN SHARES**

A Participant will, from and including the Settlement Date, be the legal owner of the Plan Shares issued or allotted under the Plan.

### **6. RIGHTS AND RESTRICTIONS ATTACHING TO PLAN SHARES**

Each Plan Share shall be issued on the terms and conditions that it will rank pari passu with all issued fully paid ordinary each in the capital of the Company for voting rights and dividends, and will be entitled to participate in any Bonus Issues and Rights Issues made by the Company on the same basis as other issued fully paid ordinary shares in the Company from the date of issue.

### **7. LIMITATION OF OFFERS**

If the Company makes an Offer where:

- (a) the total number of Shares the subject of that Offer exceeds the limit set out in the Class Order; or
- (b) the Offer does not otherwise comply with the terms and conditions set out in the Class Order,

the Company must comply with Chapter 6D of the Corporations Act at the time of that Offer.

### **8. ASX LISTING**

Plan Shares will be the subject of applications for listing for quotation on ASX as soon as practicable after the shares are allotted, subject to and in accordance with arrangements for the time being subsisting with ASX.

### **9. ADMINISTRATION OF THE PLAN BY THE BOARD**

The Plan will be administered by the Board in accordance with these Terms and Conditions. The Board has the power to:

- (a) determine appropriate procedures for administration of the Plan consistent with its terms;
- (b) resolve conclusively all questions of fact or interpretation in connection with the Plan;
- (c) delegate the exercise of any of its powers or discretions arising under the Plan to any one or more persons for such period and on such conditions as the board may determine; and
- (d) suspend or terminate the Plan by giving written advice to Eligible Participants.

**10. ALTERATIONS TO THE PLAN**

The Company may by special resolution (or by a resolution of the Board if permitted by the Listing Rules, or otherwise as permitted by the Listing Rules) amend or add to these Terms and Conditions.

**11. COMMENCEMENT OF THE PLAN**

The Plan will take effect from 30 June 2018, subject to shareholder approval.

**12. GOVERNING LAW**

The Terms and Conditions of this Plan shall be governed by and construed in accordance with the laws for the time being in force in New South Wales

## SCHEDULE 2

### KEY TERMS OF THE SHARES

The following is a general description of the more significant rights and liabilities attaching to the Shares. This summary is not exhaustive. Full details of provisions relating to rights attaching to the Shares are contained in the Corporations Act, ASX Listing Rules and the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

#### Ranking of Shares

At the date of this Prospectus, all Shares are of the same class and rank equally in all respects. Specifically, the New Shares issued pursuant to this Prospectus will rank equally with Existing Shares.

#### Voting Rights

Subject to any special rights or restrictions (at present there are none), at any meeting each shareholder present in person or by proxy has one vote on a show of hands, and on a poll has one vote for each share held.

#### Dividend Rights

The Directors may from time to time declare and pay or credit a dividend in accordance with the Corporations Act. Subject to any special rights (at present there are none), any dividends that may be declared by the Company are payable on all New Shares in proportion to the amount paid up. The Directors may from time to time pay or credit to the Shareholders such interim dividends as they may determine. No dividends shall be payable except out of profits. A determination by the Directors as to the profits of the Company shall be conclusive. No dividend shall carry interest as against the Company.

#### Variation of Rights

The rights attaching to the Shares may only be varied by the consent in writing of the holders of three-quarters of the Shares, or with the sanction of a special resolution passed at a general meeting.

#### Transfer of Shares

Subject to the Company's Constitution, the Corporations Act or any other applicable laws of Australia and ASX Listing Rules, the New Shares are freely transferable. The Directors may refuse to register a transfer of Shares only in limited circumstances, such as where the Company has a lien on those Shares.

#### General Meetings

Each shareholder is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be furnished to shareholders under the Company's Constitution, the Corporations Act and ASX Listing Rules.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Company's Constitution.

#### Future increase in capital

The allotment and issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the Listing Rules, the Company's Constitution and the Corporations Act (and without affecting any special right previously

conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

#### Rights on Winding Up

If the Company is wound up, the liquidator may, with the sanction of a special resolution:

- divide among the shareholders the whole or any part of the Company's property; and
- decide how the division is to be carried out between the shareholders.

Subject to any special rights (at present there are none), any surplus assets on a winding up are to be distributed to shareholders in proportion to the number of Shares held by them irrespective of the amounts paid or credited as paid.



### SCHEDULE 3

#### TERMS AND CONDITIONS OF THE 2020 OPTIONS AND 2022 OPTIONS TO BE ISSUED PURSUANT TO PROPOSED RESOLUTIONS 11 - 14

##### Terms and Conditions of the Options

Subject to shareholder approval, the Options will be issued on the following terms:

- (a) Each Option entitles the holder to subscribe for one ordinary share in the Company at a price of 2.5 cents per share for the 2020 Options and at a price of 3.5 cents per share for the 2022 Options.
- (b) The Options will be issued at an issue price of \$0.0001 each and will vest immediately.
- (c) The Options will be issued (effective as at the date of this meeting) as soon as practicable after the date of the meeting and in any event not later than one month from the date of the meeting.
- (d) The 2020 Options will have an expiry date of 30 June 2020. The 2022 Options will have an expiry date of 30 June 2022. The Options will vest immediately.
- (e) The Options may be exercised by notice in writing to the Directors of the Company accompanied by payment of the exercise price.
- (f) The Company will not apply to the ASX for official quotation of the Options but will apply for granting of official quotation of shares issued pursuant to exercise of the Options as soon as practicable after the date of allotment of the shares.
- (g) Shares issued on the exercise of the Options will rank equally with the then existing issued fully paid ordinary shares in the Company.
- (h) If there is a pro rata issue (except a bonus issue) to shareholders, the exercise price of the option may be reduced according to the following formula:

$$O' = O - \frac{E[P-(S+D)]}{N + 1}$$

Where:

O' = the new exercise price of the option;

O = the Old exercise price of the option;

E = the number of underlying securities into which one option is Exercisable;

Note: E is one unless the number has changed because of a bonus issue.

P = the average market Price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex rights date or ex entitlements date;

S = the Subscription price for a security under the pro rata issue;

D = the Dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue); and

N = the Number of securities with rights or entitlements that must be held to receive a right to one new security.

- (i) In the event of any reorganisation (including reconstruction, consolidation, subdivision, reduction or return) of the issued capital of the Company, the Options will be reorganised as required by the ASX Listing Rules, so that the holder will not receive a benefit that the existing holders of ordinary shares do not receive but in all other respects the terms of exercise will remain the same.
- (j) In the event of the Company effecting a Rights Issue at a discount, the exercise price of the Options shall be adjusted in accordance with the ASX Listing Rules.
- (k) Holders of the Options will not be entitled to participate in new issues of capital which may be offered to shareholders during the currency of the Options without first exercising their Options.
- (l) If a takeover bid is made for the shares of the Company then, at any time during the Takeover Period, any unvested Options will vest and the Option holder may exercise each Option at the exercise price, despite the fact that it is then outside an exercise period specified in the Option. The "Takeover Period" referred to is from the start of the offer period until one month after the end of the offer period.
- (m) The Options will otherwise be in accordance with the requirements of the ASX Listing Rules.

## SCHEDULE 4

### KEY TERMS AND CONDITIONS OF THE EMPLOYEE INCENTIVE OPTION PLAN

#### 1. Eligibility to participate

Full time or part time employees (including executive directors), non-executive directors, contractors, casual employees of the Company or the Company's Associated Body Corporate, who the directors determine to be an eligible person for the purpose of participating in the Plan.

#### 2. Price of Options

The Price of Options will be determined by the Board, but in any case no more

#### 3. Maximum number of Options under the Plan

At any given time, the options to be granted under the scheme must not exceed the limit whereby the aggregate of (i) the number of shares which would be issued if any options that have been granted but unvested and (ii) the number of shares that been issued during the previous 3 years period under the Plan (and any other employee incentive scheme) would exceed 5% of the total number of issued shares. The 5% limit may be adjusted in the Board's absolute discretion subject to any applicable Corporations Act, ASX Listing Rules and ASIC instrument requirements.

#### 4. Option Conditions

The Board may in its absolute discretion determine the vesting period of the options granted and/or any performance conditions associated with the vesting.

#### 5. Lapse of Option

The options will lapse on Expiry Date if not exercised or cessation of employment arising from fraudulent or dishonest action of the Option holder.

#### 6. Cessation of Employment

Where the Option holder ceases employment with the Company for reasons of death, disability, bona fide redundancy or other reason with the approval of the Board, then:

- a) Any options that have vested but not exercised will remain exercisable by the Option holder or his or her representative, until the Options lapse;
- b) Any options that have not yet vested will be subject to Board's determination as to whether they should be deemed vested. In the event they are deemed vested, they are exercisable until they become lapsed. In the event they are not deemed vested they will lapse immediately.

#### 7. Exercise of Options

Where the Options have become vested and exercisable, they may be exercised by lodging with the Company Secretary (i) a notice of exercise, (ii) cheque for the Exercise Price, and (iii) the holding statement for the Options issued.

#### 8. Transfer of Options

Transfer of Options is only permitted in the event of death or upon bankruptcy of the Participant.

Any Shares issued under the Plan may only be transferred with the prior consent of the Board.

#### **9. Quotation of Options and Shares issued under the Plan**

The Options will not be listed for quotation on the ASX. However, the Company will apply for official quotation of the Shares issued upon the exercise of any vested Options.

#### **10. Future Issue of Securities**

Option holders have no participating rights or entitlements inherent in the Options, and will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options. However, any record day for determining entitlement will be at least 3 Business days after the issues is announced so as to allow any Option Holder with vested options to exercise their options and therefore entitled to participate in any such issue.

#### **11. Adjustment to Exercise Price**

If the Company is listed on ASX and offers a pro rata issue of securities to Shareholders, the Exercise Price in respect of any unexercised Options may be adjusted in accordance with the adjustment formulas set out in the Listing Rules at the time when the Options were granted under the Plan. If the Company is not listed at the time of the offer of pro rata issue, then the Exercise Price may be adjusted in such manner determined as fair by the Board in its absolute discretion.

#### **12. Bonus Issues**

If the Company makes a bonus issue of securities to Shareholders, the rights of Option holder in respect of an unexercised Option will be modified such that the Option holder will receive, upon exercise of an Option, One Share plus such additional securities which he or she would have received had he or she exercised the Option immediately prior to record date of the bonus issue.

#### **13. Restructure of Capital**

In the event of Restructure of the Company's capital (including consolidation, subdivision, reduction or return), the number of Options to which each Participant is entitled or exercise of his or her Options or any other terms will, subject to the Listing Rules, be restructures in a manner determined by the Board.

#### **14. Amendment of the Plan**

Subject to the Listing Rule and Law, the Board may at any time by resolution amend or add any other provision to the Plan.

#### **15. Administration of the Plan**

The Plan will be administered by the Board or a committee of the Board.

## SCHEDULE 5

### TERMS AND CONDITIONS OF THE SPP OPTIONS TO BE ISSUED PURSUANT TO PROPOSED RESOLUTION 16

This Schedule 5 sets out the terms and conditions of the SPP Options to be issued pursuant to Resolution 16.

Subject to shareholder approval, the SPP Options will be issued on the following terms:

- (a) Each Option entitles the holder to subscribe for one Share in the Company at a price of 2.5 cents.
- (b) The Options will be issued for no consideration.
- (c) The Options will be issued (effective as at the date of this meeting) as soon as practicable after the date of the meeting and in any event not later than three month from the date of the meeting.
- (d) The Options will have an expiry date of the first anniversary of the date of the issue. The Options will vest immediately.
- (e) The Options may be exercised by notice in writing to the Directors of the Company accompanied by payment of the exercise price.
- (f) The Company will not apply to the ASX for official quotation of the Options but will apply for granting of official quotation of shares issued pursuant to exercise of the Options as soon as practicable after the date of allotment of the shares.
- (g) Shares issued on the exercise of the Options will rank equally with the then existing issued fully paid ordinary shares in the Company.
- (h) If there is a pro rata issue (except a bonus issue) to shareholders, the exercise price of the option may be reduced according to the following formula:

$$O' = O - \frac{E[P-(S+D)]}{N + 1}$$

Where:

O' = the new exercise price of the option;

O = the Old exercise price of the option;

E = the number of underlying securities into which one option is Exercisable;

Note: E is one unless the number has changed because of a bonus issue.

P = the average market Price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex rights date or ex entitlements date;

S = the Subscription price for a security under the pro rata issue;

D = the Dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue); and

- N = the Number of securities with rights or entitlements that must be held to receive a right to one new security.
- (i) In the event of any reorganisation (including reconstruction, consolidation, subdivision, reduction or return) of the issued capital of the Company, the Options will be reorganised as required by the ASX Listing Rules, so that the holder will not receive a benefit that the existing holders of ordinary shares do not receive but in all other respects the terms of exercise will remain the same.
  - (j) In the event of the Company effecting a Rights Issue at a discount, the exercise price of the Options shall be adjusted in accordance with the ASX Listing Rules.
  - (k) Holders of the Options will not be entitled to participate in new issues of capital which may be offered to shareholders during the currency of the Options without first exercising their Options.
  - (l) If a takeover bid is made for the shares of the Company then, at any time during the Takeover Period, any unvested Options will vest and the Option holder may exercise each Option at the exercise price, despite the fact that it is then outside an exercise period specified in the Option. The "Takeover Period" referred to is from the start of the offer period until one month after the end of the offer period.
  - (m) The Options will otherwise be in accordance with the requirements of the ASX Listing Rules.

If all of the SPP Options are exercised the amount of funds raised from the Options the subject of Resolution 16 will amount to a total of \$417,150. The funds raised from the exercise of the SPP Options will form part of the working capital of the Company.

## SCHEDULE 6

### TERMS AND CONDITIONS OF THE FEBRUARY PLACEMENT OPTIONS TO BE ISSUED PURSUANT TO PROPOSED RESOLUTION 17

This Schedule 6 sets out the terms and conditions of the February Placement Options to be issued pursuant to Resolution 17.

Subject to shareholder approval, the February Placement Options will be issued on the following terms:

- (a) Each Option entitles the holder to subscribe for one Share in the Company at a price of 2.5 cents.
- (b) The Options will be issued for no consideration.
- (c) The Options will be issued (effective as at the date of this meeting) as soon as practicable after the date of the meeting and in any event not later than three month from the date of the meeting.
- (d) The Options will have an expiry date of the first anniversary of the date of the issue. The Options will vest immediately.
- (e) The Options may be exercised by notice in writing to the Directors of the Company accompanied by payment of the exercise price.
- (f) The Company will not apply to the ASX for official quotation of the Options but will apply for granting of official quotation of shares issued pursuant to exercise of the Options as soon as practicable after the date of allotment of the shares.
- (g) Shares issued on the exercise of the Options will rank equally with the then existing issued fully paid ordinary shares in the Company.
- (h) If there is a pro rata issue (except a bonus issue) to shareholders, the exercise price of the option may be reduced according to the following formula:

$$O' = O - \frac{E[P-(S+D)]}{N + 1}$$

Where:

O' = the new exercise price of the option;

O = the Old exercise price of the option;

E = the number of underlying securities into which one option is Exercisable;

Note: E is one unless the number has changed because of a bonus issue.

P = the average market Price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex rights date or ex entitlements date;

S = the Subscription price for a security under the pro rata issue;

D = the Dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue); and

N = the Number of securities with rights or entitlements that must be held to receive a right to one new security.

- (i) In the event of any reorganisation (including reconstruction, consolidation, subdivision, reduction or return) of the issued capital of the Company, the Options will be reorganised as required by the ASX Listing Rules, so that the holder will not receive a benefit that the existing holders of ordinary shares do not receive but in all other respects the terms of exercise will remain the same.
- (j) In the event of the Company effecting a Rights Issue at a discount, the exercise price of the Options shall be adjusted in accordance with the ASX Listing Rules.
- (k) Holders of the Options will not be entitled to participate in new issues of capital which may be offered to shareholders during the currency of the Options without first exercising their Options.
- (l) If a takeover bid is made for the shares of the Company then, at any time during the Takeover Period, any unvested Options will vest and the Option holder may exercise each Option at the exercise price, despite the fact that it is then outside an exercise period specified in the Option. The "Takeover Period" referred to is from the start of the offer period until one month after the end of the offer period.
- (m) The Options will otherwise be in accordance with the requirements of the ASX Listing Rules.

If all of the February Placement Options are exercised the amount of funds raised from the Options the subject of Resolution 17 will amount to a total of \$416,667. The funds raised from the exercise of the February Placement Options will form part of the working capital of the Company.



## SCHEDULE 7

### TERMS AND CONDITIONS OF THE SPPSHORTFALL PLACEMENT OPTIONS TO BE ISSUED PURSUANT TO PROPOSED RESOLUTION 18

This Schedule 7 sets out the terms and conditions of the SPP Shortfall Options to be issued pursuant to Resolution 18.

Subject to shareholder approval, the SPP Shortfall Options will be issued on the following terms:

- (a) Each Option entitles the holder to subscribe for one Share in the Company at a price of 2.5 cents.
- (b) The Options will be issued for no consideration.
- (c) The Options will be issued (effective as at the date of this meeting) as soon as practicable after the date of the meeting and in any event not later than three month from the date of the meeting.
- (d) The Options will have an expiry date of the first anniversary of the date of the issue. The Options will vest immediately.
- (e) The Options may be exercised by notice in writing to the Directors of the Company accompanied by payment of the exercise price.
- (f) The Company will not apply to the ASX for official quotation of the Options but will apply for granting of official quotation of shares issued pursuant to exercise of the Options as soon as practicable after the date of allotment of the shares.
- (g) Shares issued on the exercise of the Options will rank equally with the then existing issued fully paid ordinary shares in the Company.
- (h) If there is a pro rata issue (except a bonus issue) to shareholders, the exercise price of the option may be reduced according to the following formula:

$$O' = O - \frac{E[P-(S+D)]}{N + 1}$$

Where:

O' = the new exercise price of the option;

O = the Old exercise price of the option;

E = the number of underlying securities into which one option is Exercisable;

Note: E is one unless the number has changed because of a bonus issue.

P = the average market Price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex rights date or ex entitlements date;

S = the Subscription price for a security under the pro rata issue;

D = the Dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue); and

N = the Number of securities with rights or entitlements that must be held to receive a right to one new security.

- (i) In the event of any reorganisation (including reconstruction, consolidation, subdivision, reduction or return) of the issued capital of the Company, the Options will be reorganised as required by the ASX Listing Rules, so that the holder will not receive a benefit that the existing holders of ordinary shares do not receive but in all other respects the terms of exercise will remain the same.
- (n) In the event of the Company effecting a Rights Issue at a discount, the exercise price of the Options shall be adjusted in accordance with the ASX Listing Rules.
- (o) Holders of the Options will not be entitled to participate in new issues of capital which may be offered to shareholders during the currency of the Options without first exercising their Options.
- (p) If a takeover bid is made for the shares of the Company then, at any time during the Takeover Period, any unvested Options will vest and the Option holder may exercise each Option at the exercise price, despite the fact that it is then outside an exercise period specified in the Option. The "Takeover Period" referred to is from the start of the offer period until one month after the end of the offer period.
- (q) The Options will otherwise be in accordance with the requirements of the ASX Listing Rules.

If all of the SPP Shortfall Options are exercised the amount of funds raised from the Options the subject of Resolution 18 will amount to a total of \$400,000. The funds raised from the exercise of the SPP Shortfall Options will form part of the working capital of the Company.

## SCHEDULE 8

### GLOSSARY

**ASIC** means the Australian Securities and Investments Commission;

**ASX** means the Australian Securities Exchange or ASX Limited as the context requires;

**Board** means the board of Directors of the Company from time to time;

**Closely Related Party** (of a member of KMP of an entity) has the definition given to it by section 9 of the Corporations Act, and means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or of 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 dealings with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the regulations for the purposes of this definition (nothing at this stage).

**Company** means Tomizone Limited ABN 99 000 094 995;

**Constitution** means the constitution of the Company as at the date of this Notice;

**Corporations Act** means the *Corporations Act 2001 (Cth)*;

**Director(s)** means the directors of the Company from time to time;

**ESOP** means the "Employee Incentive Option Plan" for which Resolution 15 seeks shareholders approval, the terms and conditions of which are set out in Schedule 4;

**Explanatory Statement** means the explanatory statement that accompanies this Notice;

**February Placement Options** means the Options with exercise price of \$0.025 with 1 year expiry which subscribers of the Private Placement are entitled to apply for;

**Key Management Personnel** or **KMP** means those persons having authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly, including any director (whether executive or otherwise) of that entity;

**Listing Rules** means the Listing Rules of the ASX;

**MDSP** or **Managing Director's Share Plan** means the managing director's share plan for which Resolution 8 seeks shareholders approval;

**Placement Shares** means the Shares issued under the Private Placement;

**Private Placement** means the placement of 33,333,334 Shares at AU\$0.015 per share to raise AU\$500,000 as announced by the Company on 19 February 2018;

**Resolution** means a resolution to be voted on at the Meeting, the details of which are set out in the Notice;

**Schedule** means a schedule to this Notice;

**Share** means a fully paid ordinary share in the capital of the Company;

**Shareholder** means a holder of a Share;

**SPP** means the Shareholder Purchase Plan announced by the Company on 19 February 2018 to raise up to \$1 million dollars under which eligible shareholders of the Company may subscribe at \$0.015 per Share with attaching 1 option per 2 Shares;

**SPP Options** means the Options with exercise price of \$0.025 with 1 year expiry which participants of SPP are entitled to apply for;

**SPP Shortfall Placement** refers to the SPP shortfall placement announced by the Company on 21 March 2018 through which 32,000,000 shares were issued and \$480,000 was raised;

**SPP Shortfall Options** means the Options with exercise price of \$0.025 with 1 year expiry which participants of the SPP Shortfall Placement are entitled to apply for;

**VWAP** refers to Volume Weighted Average Price.