



## ASX ANNOUNCEMENT

### Simavita releases materials for Special General Meeting for \$3.075m secured notes financing; ASX waivers granted

For Immediate Release:

31 May 2019

**Sydney, Australia** – Simavita Limited (“**Simavita**” or the “**Company**”) (ASX: SVA) is pleased to release the materials for a Special General Meeting of members to be held on 24 June 2019 (the “**Meeting**”) and to advise that the ASX has granted Simavita a waiver from ASX Listing Rule 10.1 in relation to the security to be granted as part of the capital raising announced on 10 May 2019. Subject to receiving member approval, the Company has secured commitments for \$3.075 million (the “**Financing**”) via the issue convertible notes (the “**2019 Secured Notes**”).

#### Special General Meeting

A Copy of the Notice, Management Information Circular, proxy forms and voting instruction forms (collectively, the “**Meeting Materials**”) are attached to this announcement and will be mailed to all security holders today, Friday, 31 May 2019. The Meeting Materials will also be available on SEDAR and on the Company’s website at [www.simavita.com](http://www.simavita.com).

As detailed in the attached Notice, the Meeting will be held at **10.00 am** (Australian Eastern Standard Time) on Monday, **24 June 2019** at the following address:

**The offices of K&L Gates  
Level 31, 1 O’Connell Street  
Sydney, New South Wales. 2000. Australia**

This is an important meeting for Simavita and we encourage all securityholders to vote their proxy and voting instruction forms that they will receive shortly in the mail.

#### ASX waiver

Further to the Company's announcement on 10 May 2019, the Company has now been granted a waiver by the ASX from seeking member approval under ASX Listing Rule 10.1 (“**ASX Waiver**”) to the extent necessary to permit the Company to grant security over the assets and undertakings of the Company and its subsidiaries in favour of entities associated with TIGA Pty Ltd (“**TIGA**”) and Chevron Corp Pty Ltd (“**Chevron**”) (both TIGA and Chevron being substantial CDI holders) and in favour of investors associated with Messrs Michael Spooner and Gary Pace (both being directors and therefore related parties of the Company). The ASX Waiver applies with respect to a general security deed (the “**Security**”), proposed to be granted in connection by the Company, with respect to a subscription by TIGA of up to \$750,000 worth of Secured Notes, a subscription by Chevron of \$200,000 worth of Secured Notes and subscriptions by each of investors associated with Messrs Michael Spooner and Gary Pace of \$50,000 worth of Secured Notes. Further details of these proposed investments are contained in the attached Meeting Materials.

The Company has received full payment of the principal amounts of the first tranche of financing (being in aggregate \$500,000, as Debt Notes, as outlined in the Company’s announcement of 10 May 2019) (“**First Tranche**”) and now seeks member approval in order to complete the condition precedent for all 2019

Secured Notes (including the First Tranche) to be convertible into CDIs (as outlined in the Meeting Materials). The SVA Board satisfied itself that the entry into the agreements for the Financing was negotiated on arms' length terms and in the Board's view the terms of the 2019 Secured Notes are fair and reasonable from the perspective of all of the Company's members. Funding alternatives for the Company were limited, given the timeframe within which the funding was needed, together with the reasonable terms negotiated, the Board decided to accept the financial accommodation described above rather than continue to seek funding alternatives from as yet unknown unrelated parties.

The First Tranche of the Financing (the Debt Notes) was issued without the need for prior SVA member approval and will become convertible into SVA equity upon SVA member approval (as described in the Meeting Materials). The Company does not currently have sufficient capacity under ASX Listing Rule 7.1 for the issue of the Convertible Notes (after the First Tranche) or convertibility of the Debt Notes. A meeting of members has been convened for 24 June 2019 to consider approval for the issue of the 2019 Secured Notes.

The relevant key terms of the 2019 Secured Notes are:

- (a) an interest rate of 10% per annum, with all interest payable upon the earlier of conversion, redemption or the maturity date.
- (b) a maturity date of 30 April 2022.
- (c) usual terms and conditions applicable to such facilities.
- (d) all 2019 Secured Notes are convertible at the election of the noteholder/s (other than upon a "qualifying financing event") into CDIs upon the Company receiving member approval of the terms described in the Meeting Documents.
- (e) upon a "qualifying financing event" or a takeover of the Company the 2019 Secured Notes are automatically converted into CDIs. A "qualifying financing event" occurs where the Company completes an equity capital raise of at least A\$7.5 million, based on a minimum pre-money valuation of the Company of at least A\$20 million.
- (f) the number of CDIs to issue upon conversion, and the different conversion prices, depend on various factors at the time of a conversion, details of which are outlined in the attached Meeting Documents.
- (g) repayment of the 2019 Secured Notes will be secured over the assets and undertaking of the Company and each of its wholly owned subsidiaries, but this security will cease on the 2019 Secured Notes being converted or redeemed. If by the maturity date of 30 April 2022, the noteholder/s have not elected to convert and the Company has not achieved a "qualifying financing event" (which is an objective of the Company); the Company would either need to raise addition capital or refinance the 2019 Convertible Notes (not then converted) or risk enforcement by the noteholders of their security rights.

The funds raised from the 2019 Secured Note issue will be used to continue to bring the AlertPLUS™ software platform technology to market and for other working capital requirements, further details of which are included in the accompanying Meeting Materials.

For further information, please visit the Company's profile on SEDAR ([www.sedar.com](http://www.sedar.com)) or the Company's website ([www.simavita.com](http://www.simavita.com)) or contact the persons listed below.

Ms Peta Jurd

Chief Commercial Officer

E: [pjurd@simavita.com](mailto:pjurd@simavita.com)

T: +61 8405 6300

W: Investor Centre: [Click here](#)

## **About Simavita**

Simavita (ASX: SVA) is a MedTech Company focused on the development of smart, wearable and disposable platform technologies for the health care market.

Our key platform AlertPLUS™ is a highly disruptive technology focused on transforming a traditional “dumb” diaper into a smart device to help parents and carers of both infants and adults.

With the support of our CDI holders, customers and employees, Simavita is absolutely committed to the business at hand; creating a commercially successful and growing corporation. [www.simavita.com](http://www.simavita.com)

## Letter from the Chairman

May 24, 2019

Dear CDI Holders,

On behalf of the Board of Simavita Limited (**Simavita** or the **Corporation**), I invite you to attend a Special General Meeting of CDI Holders (**SGM**), to be held 10:00am on June 24, 2019 at the offices of K&L Gates at Level 31, 1 O'Connell Street Sydney.

The purpose of this meeting is to seek CDI Holder approval to complete an initiative that will provide the necessary funding to continue operations of the Company and to focus on our Next Steps initiative to license our technology.

### **We're Achieving Our Goals:**

Over the past 12 months your Company has completed the design of our new smart diaper platform technology AlertPLUS™. We now have a platform able to be applied towards producing revenue and growth that goes beyond purely a smart incontinence product. We've developed a platform that we believe could deliver savings and wellness metrics for both adult and infant consumers and could facilitate a competitive edge for retailers and manufacturers.

Simavita has now completed sensor formulation and manufacturing test runs in the northern hemisphere. We are now able to deliver finished sensor product specifications to major manufacturers for immediate commercial production of smart diapers.

Simavita has been granted patents in our major markets for each of its core products. We maintain an active technology watch program aimed at identifying competing technologies. Whilst there is significant interest in the field, we have not identified any competing technology that can match us in terms of cost of production and functionality.

Importantly, we have opened doors and commenced an active sales program to industry, to major retailers, manufacturers, distributors as well as to government and institutional users.

### **Next Steps:**

Our Next Steps strategy is all about taking product to market, making sales and recording revenue.

We've clearly indicated to our CDI Holders and to the market that the Company continues very active dialogue with a number of major organisations with specific interest in our platform technology. Importantly, it should be noted that these discussions are often complex, relate to major installations and may be of varying duration.

Significantly, with available funds, we will seek to increase marketing materials and produce videos to assist in marketing activities.

Our Next Steps program will also focus on rebranding and reorganising the Company. We intend releasing further updates in due course. Progress toward our reorganisation however will be tied tightly to availability of funds.

#### **Resolutions to be laid before our CDI Holders:**

The Resolutions to be laid before our Shareholder/CDI Holders will enable the Company, subject to certain conditions being met, to raise up to AUD\$3,500,000 in essential funding by way of Secured Debt Notes / Convertible Notes (collectively, **Financing**). Details associated with the Financing are set out in more detail in the attachments to this notice. In summary, the proposed Financing:

1. Is structured to deliver cash upon achieving 2 important milestones.
2. Funds will be used for continued software development, operating costs, sales and marketing and general working capital.
3. Upon CDI Holder approval the debt notes will be convertible into the Company's securities (CDIs or Chess Depository Interests). The Convertible Notes are convertible at any time by the Noteholder, and automatically convert upon the Company completing a Qualifying Financing Event, or a takeover of Simavita, occurring prior to the Maturity Date of the Notes, namely April 30, 2022.
4. The Conversion Price of the Convertible Notes will vary, depending on whether the conversion arises as a result of a Qualifying Finance Event, whether conversion takes place before or after 30 June 2020 or whether conversion takes place on the Maturity Date (without there being a Qualifying Finance Event). Further details are provided in the attached notice documents.
5. The Notes will attract a coupon interest of 10% p.a. until conversion.

#### **Resolutions:**

This letter accompanies the Notice of Meeting. The Resolutions to be considered at the SGM are set out in the Notice of Meeting and more details are provided in the information circular accompanying the Notice of Meeting (**Information Circular**). The purpose of this Notice of Meeting and the Information Circular is to provide you with the necessary information to assist you in assessing the Corporation's Funding Arrangements.

I encourage you to read the Notice of Meeting and the Information Circular and vote in favour of the Resolutions at the SGM.

**Please note that if shareholders/CDI holders do not pass all the Resolutions, as set out in the Notice of Meeting and Information Circular, the Corporation will be in default under the Note Deeds and the principal amount already advanced (\$500,000) plus interest will become repayable.**

**Based on the Corporation's financial position, the Board believes that there is significant uncertainty as to whether the Corporation would be able to successfully refinance these Debt Notes by their repayment date if shareholder/CDI holder approval is not forthcoming and that the Corporation is unlikely to have sufficient funds to be able to meet its ongoing commitments in respect of its assets. In these circumstances, the Board believes that it is highly likely that the Corporation will become insolvent. If shareholders/CDI holders do not approve the convertibility of the Debt Notes and the issue of the Convertible Notes, the Corporation believes it would need to call an immediate trading halt in the Corporation's securities until such time as there was sufficient certainty about the Corporation's solvency.**

**Voting instructions**

Voting instructions for the SGM are contained in the Information Circular and personalised proxy or CDI Voting Instruction forms are enclosed. Your vote is important and we encourage you to vote at the SGM by proxy. If you are unsure as to how to vote, we recommend that you speak with your professional adviser.

**Questions**

Should you wish to discuss the matters in this Circular please do not hesitate to contact Peta Jurd, the Corporation's Chief Commercial Officer and Corporation Secretary at [pjurd@simavita.com](mailto:pjurd@simavita.com), or +61 2 8405 6300.

We look forward to the participation of Shareholders and CDI Holders at the Special Meeting on June 24, 2019.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Michael Spooner". The signature is written in a cursive style with a large, stylized initial 'M'.

**Michael Spooner**  
**Non-Executive Chairman**  
**Simavita Limited**

# Simavita

## SIMAVITA LIMITED

### NOTICE OF SPECIAL MEETING OF CDI HOLDERS

TAKE NOTICE that a special meeting of the shareholder/CDI Holders of Simavita Limited (the “**Corporation**”) will be held at the offices of K&L Gates at Level 31, 1 O’Connell Street, Sydney, New South Wales, 2000 Australia, on June 24, 2019 at 10:00 a.m. (Australian Eastern Standard time) or at any adjournment or postponement thereof for the purposes of:

(a) Resolution #1: considering, and if deemed fit, passing an ordinary resolution of disinterested CDI Holders, approving and authorizing, their issue and for the purposes of the ASX Listing Rule 7.1 and all other purposes:

- A. the 250,000 non convertible Debt Notes issued to TIGA Trading Pty Ltd (**TIGA**) on 9 May 2019 for a subscription of AUD\$250,000 (as part of the First Tranche) and that those Debt Notes -
  - 1. be regarded as convertible into the Company's CDIs (and therefore a form of ‘equity security’ for the purposes of the ASX Listing Rules) and
  - 2. the conversion mechanism and terms relating to these Debt Notes, as described in the Note Terms, become operational; and
- B. the issue of an aggregate of up to 500,000 Convertible Notes for an aggregate subscription of up to AUD\$500,000 to TIGA (as part of the proposed Third Tranche),

on the terms particularly described in the accompanying management information circular;

(b) Resolution #2: considering, and if deemed fit, passing an ordinary resolution of disinterested CDI Holders, approving and authorizing, their issue and for the purposes of the ASX Listing Rule 7.1 and all other purposes:

- A. the 250,000 non convertible Debt Notes issued to Fiftysecond Celebration Pty Ltd (as trustee for the McBain Family Trust) (**McBain**) on 9 May 2019 for a subscription of AUD\$250,000 (as part of the First Tranche) and that those Debt Notes -
  - 1. be regarded as convertible into the Company's CDIs (and therefore a form of ‘equity security’ for the purposes of the ASX Listing Rules) and
  - 2. the conversion mechanism and terms relating to these Debt Notes, as described in the Note Terms, become operational; and
- B. the issue of an aggregate of up to 500,000 Convertible Notes for an aggregate subscription of up to AUD\$500,000 to McBain (as part of the Third Tranche),

on the terms particularly described in the accompanying management information circular.

- (c) Resolution #3: considering, and if deemed fit, passing an ordinary resolution of disinterested CDI Holders, approving and authorizing, for the purposes of ASX Listing Rule 7.1 and all other purposes, the issue of an aggregate of 1,475,000 Convertible Notes for an aggregate subscription of AUD\$1,475,000 by the Exempt Investors as listed in, and on the terms particularly described in, the accompanying management information circular;
- (d) Resolution #4: considering, and if deemed fit, passing, an ordinary resolution of disinterested CDI Holders, approving and authorizing, for the purposes of the ASX Listing Rule 10.11 and all other purposes, the issue of 50,000 Convertible Notes for the subscription of AUD\$50,000 to Dr Anne Spooner (a person associated with Mr. Michael Spooner, a Director of the Corporation), on the terms particularly described in the accompanying management information circular;
- (e) Resolution #5: considering, and if deemed fit, passing, an ordinary resolution of disinterested CDI Holders, approving and authorizing, for the purposes of the ASX Listing Rule 10.11 and all other purposes, the issue of 50,000 Convertible Notes for the subscription of AUD\$50,000 to Dr Gary W Pace and Ms Jinny Hamilton Pace as trustees of the Pace Trust (an entity associated with Dr Gary W Pace, a Director of the Corporation) on the terms particularly described in the accompanying management information circular;
- (f) Resolution #6: considering, and if deemed fit, passing an ordinary resolution of disinterested CDI Holders, approving and authorizing, for the purposes of ASX Listing Rule 7.1 and all other purposes, the issue of up to an additional 425,000 Convertible Notes to Exempt Investors, as nominated by the Board in its discretion, on the terms particularly described in the accompanying management information circular;
- (g) transacting such further and other business as may properly come before the said meeting or any adjournment or postponement thereof.

Specific details of the above items of business are contained in the information circular of management which accompanies this notice of meeting and, together with management's form of proxy and a CDI Voting Instruction Form, which also accompanies this notice of meeting, form a part hereof and must be read in conjunction with this notice of meeting. CDI Holders of record at the close of business on May 24, 2019 are entitled to notice of, to attend and vote at the meeting either in person or by proxy.

A form of proxy will not be valid for the meeting or any adjournment or postponement thereof unless it is completed by the CDI Holder or by his attorney authorized in writing and must be delivered to: Computershare Investor Services Pty. Limited, GPO Box 242, Melbourne, Victoria 3001 Australia (the number to fax CDI Voting Instruction Forms within Australia is (03) 9473 2555 and outside Australia is +61 3 9473 2555) not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of British Columbia) prior to the time set for the meeting or any adjournment or postponement thereof.

Holders of CDIs are invited to attend the meeting. CDI holders must complete, sign and return the enclosed CDI Voting Instruction Form to Computershare Investor Services Pty. Limited, GPO Box 242, Melbourne, Victoria 3001 Australia (the number to fax CDI Voting Instruction Forms within Australia is (03) 9473 2555 and outside Australia is +61 3 9473 2555) so that each CDI holder may elect to direct CHES Depository Nominees Pty. Ltd. ("**CDN**") to vote the relevant underlying common shares on his or her behalf or instruct CDN to appoint such CDI holder or his or her nominee as proxy to vote the common shares underlying the CDIs in person at the meeting. In either case, the CDI Voting Instructions Form needs to be received at the address shown on the CDI Voting Instructions Form not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in Australia) prior to the time set for the meeting or any adjournment or postponement thereof.



DATED: May 24, 2019

By Order of the Board of Directors

(Signed) "Michael Spooner"

Michael Spooner

Non-Executive Chairman

# Simavita

SIMAVITA LIMITED

INFORMATION CIRCULAR  
(as at May 24, 2019)

FOR THE SPECIAL MEETING OF SHAREHOLDERS TO BE  
HELD ON JUNE 24, 2019

## PROXY SOLICITATION

### PURPOSE OF SOLICITATION

This management information circular (the “**Information Circular**”) is furnished in connection with the solicitation of proxies by the management of Simavita Limited (the “**Corporation**”) for use at the special meeting of common shareholders (or CDI Holders) of the Corporation, to be held at the offices of K&L Gates at Level 31, 1 O’Connell Street, Sydney, New South Wales, 2000 Australia, on June 24, 2019, at 10:00 a.m. (Australian Eastern Standard time) or at any adjournment or postponement thereof for the purposes set out in the accompanying notice of meeting (the “**Meeting**”).

The cost of such solicitation will be borne by the Corporation and will be made primarily by mail. Directors and officers of the Corporation may without special compensation solicit proxies by telephone, facsimile or in person.

In this Information Circular, unless otherwise stated, references to “\$” or “AUD\$” are to amounts in Australian dollars.

The Chairman intends to vote all undirected proxies in favour of all items of business.

### APPOINTMENT AND REVOCATION OF PROXIES

**The persons named in the enclosed form of proxy are directors and officers of the Corporation and are nominees of management. Shareholder/CDI Holders have the right to appoint a nominee (who need not be a Shareholder/CDI Holder) to represent them at the Meeting other than the persons designated in the enclosed form of proxy, and may do so by inserting the name of the appointed representative in the blank space provided in the form of proxy.**

A form of proxy will not be valid for the Meeting or any adjournment or postponement thereof unless it is completed by the Shareholder/CDI Holder or by his or her attorney authorized in writing and must be delivered to: Computershare Investor Services Pty. Limited, GPO Box 242, Melbourne, Victoria 3001 Australia (the number to fax CDI Voting Instruction Forms within Australia is (03) 9473 2555 and outside Australia is +61 3 9473 2555), not later than forty-eight (48) hours prior to the time set for the Meeting or any adjournment or postponement thereof.

In addition to revocation in any other manner permitted by law, a shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy. A proxy may be revoked by either executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the shareholder or by his or her authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by depositing the proxy bearing a later date with Farris,

Vaughan, Wills & Murphy, LLP (Attn: Denise C. Nawata) located at 700 West Georgia Street, 25<sup>th</sup> Floor, Vancouver, British Columbia, V7Y 1B3, Canada, not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of British Columbia, Canada) prior to the time set for the Meeting or any adjournment or postponement at which the proxy is to be used, or by depositing the revocation of proxy with the chairman of such meeting on the day of the meeting, or any adjournment or postponement of the Meeting.

### **VOTING SHARES**

The Corporation is authorized to issue an unlimited number of common shares without par value. As of May 24, 2019, 417,778,132 common shares without par value were issued and outstanding. Of the 417,778,132 common shares issued and outstanding on May 24, 2019, 417,778,132 common shares were held by CHESS Depository Nominees Pty. Ltd. (“**CDN**”), a wholly-owned subsidiary of the Australian Securities Exchange (the “**ASX**”), on behalf of holders of CHESS Depository Interests (“**CDIs**”). CDN has issued CDIs that represent beneficial interests in the common shares held by CDN. CDIs are traded on the electronic transfer and settlement operated by the ASX.

**All references in this Information Circular to outstanding common shares include common shares held by CDN and all references to holders of common shares include CDI holders.**

Each common share entitles the holder to one vote on all matters to come before the Meeting. No group of shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the common shares of the Corporation. There are no other classes of voting securities of the Corporation outstanding.

The quorum for the Meeting is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the Meeting. However, as there is only one current holder of Canadian shares (and all other securities are held in the form of CDIs through CDN), the Company’s articles allow a quorum of one shareholder, in such circumstances.

The Corporation has fixed May 24, 2019 as the record date for determination of the persons entitled to receive notice of and vote at the Meeting. Only a shareholder of record as of the record date is entitled to receive notice of and vote at the Meeting.

### **VOTING OF PROXIES**

This section only applies to the holders of common shares of the Corporation that are not represented by CDIs. Holders of CDIs should refer to the section in this Information Circular headed “*CDI Holders May Give Direction to CDN*”.

The persons named in the enclosed form of proxy are directors and/or officers of the Corporation and have indicated their willingness to represent the shareholder who appoints them as proxy. Each shareholder may instruct his proxy how to vote his common shares by completing the enclosed form of proxy.

The person indicated in the enclosed form of proxy shall vote the common shares in respect of which they are appointed in accordance with the direction of the shareholder appointing them.

**In the event of an absence of direction to vote the common shares in respect of which they are appointed, the management appointees named in the accompanying proxy will vote such common shares in favour of:**

I. **Resolution #1**: approving and authorizing, their issue and for the purposes of the ASX Listing Rule 7.1 and all other purposes:

- A. the 250,000 non convertible Debt Notes issued to TIGA Trading Pty Ltd (TIGA) on 9 May 2019 for a subscription of AUD\$250,000 (as part of the First Tranche) and that those Debt Notes -
  - 1. be regarded as convertible into the Company's CDIs (and therefore a form of 'equity security' for the purposes of the ASX Listing Rules) and
  - 2. the conversion mechanism and terms relating to these Debt Notes, as described in the Note Terms, become operational; and
- B. the issue of an aggregate of up to 500,000 Convertible Notes for an aggregate subscription of up to AUD\$500,000 to TIGA (as part of the Third Tranche),

on the terms particularly described in the accompanying management information circular;

II. **Resolution #2**: approving and authorizing, their issue and for the purposes of the ASX Listing Rule 7.1 and all other purposes:

- A. the 250,000 non convertible Debt Notes issued to Fiftysecond Celebration Pty Ltd (as trustee for the McBain Family Trust) (McBain) on 9 May 2019 for a subscription of AUD\$250,000 (as part of the First Tranche) and that those Debt Notes -
  - 1. be regarded as convertible into the Company's CDIs (and therefore a form of 'equity security' for the purposes of the ASX Listing Rules) and
  - 2. the conversion mechanism and terms relating to these Debt Notes, as described in the Note Terms, become operational; and
- B. the issue of an aggregate of up to 500,000 Convertible Notes for an aggregate subscription of up to AUD\$500,000 to McBain (as part of the Third Tranche),

on the terms particularly described in the accompanying management information circular;

III. **Resolution #3**: approving and authorizing, for the purposes of ASX Listing Rule 7.1 and all other purposes, the issue of an aggregate of 1,475,000 Convertible Notes for an aggregate subscription of AUD\$1,475,000 by the Exempt Investors as listed in, and on the terms particularly described in, the accompanying management information circular;

IV. **Resolution #4**: approving and authorizing, for the purposes of the ASX Listing Rule 10.11 and all other purposes, the issue of 50,000 Convertible Notes for the subscription of AUD\$50,000 to Dr Anne Spooner (a person associated with Mr. Michael Spooner, a Director of the Corporation), on the terms particularly described in the accompanying management information circular;

- V. **Resolution #5: approving and authorizing, for the purposes of the ASX Listing Rule 10.11 and all other purposes, the issue of 50,000 Convertible Notes for the subscription of AUD\$50,000 to Dr Gary W Pace and Ms Jinny Hamilton Pace as trustees of the Pace Trust (an entity associated with Dr Gary W Pace, a Director of the Corporation) on the terms particularly described in the accompanying management information circular**
- VI. **Resolution #6: approving and authorizing, for the purposes of ASX Listing Rule 7.1 and all other purposes, the issue of up to an additional 425,000 Convertible Notes to Exempt Investors as nominated by the Board in its discretion, on the terms particularly described in the accompanying management information circular;**
- VII. **transacting such further and other business as may properly come before the Meeting or any adjournment or postponement thereof.**

**THE ENCLOSED FORM OF PROXY CONFERS DISCRETIONARY AUTHORITY UPON THE PERSON INDICATED IN THE PROXY WITH RESPECT TO AMENDMENTS OR VARIATIONS TO MATTERS IDENTIFIED IN THE NOTICE OF SPECIAL MEETING OF SHAREHOLDERS (THE "NOTICE") AND WITH RESPECT TO OTHER MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING.**

At the time of printing of the Information Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice and the Information Circular. If any matters which are not now known to the directors and executive officers of the Corporation should properly come before the Meeting, the persons named in the accompanying form of proxy will vote on such matters in accordance with their best judgment.

#### **CDI HOLDERS MAY GIVE DIRECTIONS TO CDN**

The Corporation will permit CDI Holders to attend the Meeting. Each CDI holder has the right to:

- (a) direct CDN how to vote in respect of their CDIs; or
- (b) instruct CDN to appoint the CDI Holder or a person nominated by the holder as the holder's proxy for the purposes of attending and voting at the Meeting.

If you are a CDI Holder and you wish to direct CDN how to vote in respect of your CDIs or appoint yourself or a nominee as your proxy, you should read, complete, date and sign the accompanying CDI voting instruction form and deposit it with Computershare Investor Services Pty. Limited, GPO Box 242, Melbourne, Victoria 3001 Australia (the number to fax CDI Voting Instruction Forms within Australia is (03) 9473 2555 and outside Australia is +61 3 9473 2555) not less than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in Australia) prior to the time set for the Meeting or any adjournment or postponement at which the proxy is to be used.

### PRINCIPAL HOLDERS OF VOTING SHARES

At May 24, 2019, the Corporation had 417,778,132 common shares issued and outstanding. To the knowledge of the directors and executive officers of the Corporation, as of the date of this Information Circular, no person or Corporation beneficially owns, or controls or directs, directly or indirectly, voting shares of the Corporation carrying more than ten percent (10%) of the voting rights attached to all of the issued and outstanding common shares of the Corporation other than the following:

<b>Name of Shareholder</b>	<b>Number of CDIs Beneficially Owned, or Controlled or Directed, Directly or</b>	<b>Percentage of Outstanding CDIs</b>
Dussman Pty. Ltd.	102,019,031 (1)	24.42%
Chevron Corporation Pty Ltd /Parmelia Pty Ltd	52,178,317	12.59%
TIGA Trading Pty Ltd / Thorney Holdings Pty Ltd	48,212,657 (1)	11.63%

- (1) The information as to the class and number of voting securities beneficially owned, or controlled or directed, directly or indirectly, not being within the knowledge of the Company has been based solely upon reports filed pursuant to the substantial shareholder disclosure rules of the ASX.

### PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING

#### **Events Leading to the Financing**

On May 10, 2019, the Corporation announced it had secured funding commitments, in aggregate, of in excess of AUD\$3,000,000 from professional or sophisticated investors (all of whom are exempt from disclosure under Chapter 6D of the Corporations Act, referred to as **Exempt Investors**), including 2 Directors of the Corporation. All investors who have committed to subscribe for notes have entered a note deed with the Corporation (**2019 Note Deed**) effectively for the issue of Debt Notes or Convertible Notes, as the case may be (**Financing**).

The Financing comprises an immediate payment of a total of \$500,000 (**First Tranche**), in return for which the Corporation issued 500,000 Notes (not at that stage convertible into CDIs, referred to as **Debt Notes**). The remaining Financing commitment is up to \$2,575,000. The convertibility of the Debt Notes, and the issue of the Convertible Notes, is subject to CDI holder approval, as proposed in this notice of meeting (**CDI Holder Approval**).

After CDI Holder Approval is obtained, subscribers (other than the subscribers for the First Tranche and Third Tranche) will be issued an aggregate of 1,575,000 notes (convertible into CDIs upon the **Note Terms** contained in Annexure A) (**Convertible Notes**) for an aggregate subscription of \$1,575,000 CDIs (collectively, **Second Tranche**). The remaining Financing commitment is up to 1,000,000 Convertible Notes, as required by the Directors, for an aggregate subscription of up to \$1,000,000 (**Third Tranche**). After receipt of the CDI Holder Approvals, all Debt Notes on issue shall be regarded as Convertible Notes. Reference in this Information Circular to "2019 Notes" is a reference to Debt Notes or Convertible Notes, as the context requires.

Included amongst the subscribers for the Second Tranche are 2 of the Corporations directors, namely the Chairman Michael Spooner and independent director Dr Gary Pace, each of whom is subscribing \$50,000 on the same terms as the other Exempt Investors.

The intended use of the funds raised pursuant to the Financing is for the Corporation to continue bringing its software platform technology AlertPLUS™ to market and for other working capital purposes

The Financing is the result of arm's length negotiations conducted by the Corporation, through the Directors Messrs. Michael Spooner and Damien Haakman, over some months, seeking to raise additional capital as part of its overall financing activities. The Directors were eventually introduced to, and were able to successfully conclude discussions with, various parties (being the investors described in Resolutions #1, #2 and #3) and accepted terms for the offer of note securities (pending CDI Holder Approval, advanced as debt) by investors described herein, which discussions facilitated the ability to raise capital by the initial issue of Debt Notes, and after CDI Holder approval, the issue of convertible notes. The Board is of the view that the terms of the Debt Notes / Convertible Notes were negotiated on arm's length commercial terms and represent reasonable market terms for the Company in its current financial position.

The Corporation's capital raising (without prior Shareholder/CDI Holder approval) is constrained by the amount of capital it can raise pursuant to the ASX Listing Rules, in particular, the Corporation's 15% placement capacity under ASX Listing Rule 7.1 and 10% placement capacity pursuant to ASX Listing Rule 7.1A.

***There is no guarantee that Shareholders/CDI Holders will approve the convertibility of the Debt Notes or the issue of the Convertible Notes – in which case the Corporation will be in default under the terms of the 2019 Note Deed - entitling the Noteholders to require the Corporation to immediately repay the principal amount under the Debt Notes (AUD\$500,000) plus interest.***

#### **Applicability of the Corporations Act 2001 (Cth.) of Australia**

The Corporation is incorporated in British Columbia, Canada and is registered as a "foreign company" under Chapter 5B of the Corporations Act (Australia). The Corporation is not subject to a number of provisions of the Corporations Act including chapter 6 of the Corporations Act and in particular the 20% prohibition rule contained in section 606 of the Corporations Act and the substantial CDI Holder notification provisions contained in section 671B of the Corporations Act. The Corporation is not subject to the jurisdiction of the Australian Takeovers Panel.

#### **Exemption from Formal Valuation Requirement**

The Financing of the Corporation by the Noteholders, constitutes a "related party transaction" under Canadian securities laws, Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). MI 61-101 provides that an issuer involved in a related party transaction must obtain a formal valuation, unless an exemption from this valuation requirement can be relied upon. The Corporation has determined that a formal valuation exemption under MI 61-101 is available. The Corporation is relying upon the financial hardship exemption set out in paragraph (g) of section 5.5 of MI 61-101 because: (i) the Corporation is in serious financial difficulty; (ii) the transaction is designed to improve the financial position of the Corporation; (iii) the Corporation is not subject to a court approval or a court order under bankruptcy or insolvency law; (iv) the Corporation has one or more independent directors in respect of the transaction; and (v) the Corporation's board of directors, acting in good faith, has determined, and at least two-thirds of the Corporation's independent directors, acting in good faith, has determined that subsections (i) and (ii) apply and that the terms of the transaction are reasonable in the circumstances of the Corporation. There has been no prior formal valuation of the securities issued in the Financing as there has not been any necessity to do so.

## **Recommendation of the Independent Directors**

In making its determinations and recommendations, the Independent Directors considered and relied upon a number of substantive factors, observed that a number of procedural safeguards were and are present to permit the Independent Directors to represent effectively the interests of the Corporation and the Corporation's Shareholders/CDI Holders, and considered a variety of uncertainties, risks and other potentially negative factors concerning the Financing (which the Independent Directors concluded were outweighed by the potential benefits of the Financing).

Having undertaken a thorough review of, and carefully considered, information concerning the Corporation and upon consideration of all of the Corporation's alternatives, and after consulting with the Corporation's Australian and Canadian legal advisors, the Independent Directors have unanimously determined that the Financing is in the best interests of the Corporation (considering the interests of all affected stakeholders) and **unanimously recommends that the Board approve the Financing and recommends that Shareholders/CDI Holders vote in favour of the Financing.**

Some of the key factors considered as a part of the evaluation and approval process included but not limited to the following:

- The current financial position of the Corporation, as well as the financial position, opportunities and the outlook for future potential and operating performance of the Corporation and the business currently operated by the Corporation.
- Estimated cash flow projections for the Corporation.
- Current price of the Corporations' CDIs on the ASX market.
- Alternatives available to the Corporation (including the potential adverse impact on the value of the Corporation's assets if the group was placed into administration).
- The uncertainty created by the current global economic slowdown disruption to capital markets and its effects on the Corporation's ability to obtain additional financing for working capital, capital expenditures, general corporate and other purposes or to fund future operations on favourable terms or at all.

**Based on the Corporation's financial position, the Board believes that there is significant uncertainty as to whether the Corporation would be able to successfully refinance the Debt Notes by their repayment date, or secure alternative funding, if shareholder/CDI holder approval is not forthcoming. The Corporation is unlikely to have sufficient funds to be able to meet its ongoing commitments in respect of its assets. In these circumstances, the Board believes that it is highly likely that the Corporation will become insolvent and that Shareholder/CDI Holders will lose all or significant portion of their investment. If shareholders/CDI holders do not approve the proposed Resolutions, the Corporation believes it would need to call an immediate trading halt in the Corporation's securities until such time as there was sufficient certainty that the Corporation could redeem the Debt Notes.**

### **RESOLUTIONS AND CDI HOLDER VOTING EXCLUSIONS**

Further information necessary for Shareholder/CDI Holder approval of the Resolutions is set forth below:

- I. **Resolution #1 - approving and authorizing, the issue of for the purposes of the ASX Listing Rule 7.1 and all other purposes:**
  - A. **the 250,000 non convertible Debt Notes issued to TIGA Trading Pty Ltd (TIGA) on 9 May 2019 for a subscription of AUD\$250,000 (as part of the First Tranche) and that those Debt Notes-**



1. be regarded as convertible into the Company's CDIs (and therefore a form of 'equity security' for the purposes of the ASX Listing Rules) and
  2. the conversion mechanism and terms relating to these Debt Notes, as described in the Note Terms, become operational; and
- B. the issue of an aggregate of up to 500,000 Convertible Notes for an aggregate subscription of up to AUD\$500,000 to TIGA (as part of the Third Tranche),

on the terms particularly described in this management information circular.

**(a) ASX Listing Rule 7.1**

Resolution #1 seeks approval and authorization by the CDI Holders, for the purposes of ASX Listing Rule 7.1,

- (i) that the 250,000 Debt Notes issued to TIGA (as part of the First Tranche) be regarded as Convertible Notes, convertible into CDIs in accordance with the Note Terms, and
- (ii) for the issue of up to 500,000 Convertible Notes for the subscription by TIGA of up to AU\$500,000 in accordance with the Note Terms (as part of the Third Tranche)

ASX Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of CDI Holders is required for the issue of equity securities if the equity securities will, when aggregated with the equity securities issued by a Corporation during the previous 12 months, exceed 15% of the number of equity securities on issue at the commencement of that 12 month period.

A Convertible Note is an 'equity security' for the purposes of the ASX Listing Rules.

As the issue of Convertible Notes to TIGA would exceed the Corporation's currently available capacity under its 15% placement limit under ASX Listing Rule 7.1, CDI Holder approval is required for this Resolution.

**(b) ASX Listing Rule 7.3 disclosure requirements**

In accordance with the disclosure requirements of ASX Listing Rule 7.3, the following information must be provided to CDI Holders to enable them to consider and approve this Resolution #1:

- (i) the maximum number of CDIs that may be issued through the conversion of Convertible Notes (including the Debt Notes, once convertible) is 750,000;
- (ii) the Convertible Notes will be issued no later than three months after the date of the Meeting i.e. no later than September 24, 2019 (or such later date as permitted by ASX waiver or modification of the Listing Rules);
- (iii) each Convertible Note will be issued in consideration for a subscription amount of AU\$1.00 per Note, being the \$250,000 for the Debt Notes already advanced and a further up to \$500,000 for Convertible Notes, or an aggregate subscription of up to AU\$750,000. (depending upon the size of the Third Tranche);
- (iv) the terms of the Convertible Notes are set out in the Note Terms in Annexure A;

- (v) the Convertible Notes will be secured over the assets of the Group. Any CDIs issued on conversion of the Convertible Notes will rank equally with the existing quoted CDIs of the Corporation;
- (vi) it is expected that monies raised upon the conversion of the Convertible Notes will be used by the Corporation, in conjunction with other funds raised pursuant to the Financing, to continue bringing its software platform technology AlertPLUS™ to market, and for other working capital purposes; and
- (vii) the Noteholders are TIGA Trading Pty Ltd

The text of Resolution #1 is set out in the accompanying Notice.

Resolution #1 must be passed by a simple majority of the disinterested CDI Holders. Therefore, the Corporation will disregard any votes cast in favour of Resolution #1 by:

- (i) TIGA Trading Pty Ltd (registered holder – UBS Nominees Pty Ltd) and otherwise by any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Corporation), if the Resolution is passed; and
- (ii) an associate or affiliate of that person (or persons).

However, the Corporation need not disregard a vote if:

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

**The directors of the Corporation unanimously recommend CDI Holders vote in favour of Resolution #1.**

**II. Resolution #2 - approving and authorizing, their issue and for the purposes of the ASX Listing Rule 7.1 and all other purposes,**

- A. the 250,000 non convertible Debt Notes issued to Fiftysecond Celebration Pty Ltd (as trustee for the McBain Family Trust) (McBain) on 9 May 2019 for a subscription of AUD\$250,000 (as part of the First Tranche) and that those Debt Notes -**
  - 1. be regarded as convertible into the Company's CDIs (and therefore a form of 'equity security' for the purposes of the ASX Listing Rules) and**
  - 2. the conversion mechanism and terms relating to these Debt Notes, as described in the Note Terms, become operational; and**
- B. the issue of an aggregate of up to 500,000 Convertible Notes for an aggregate subscription of up to AUD\$500,000 to McBain (as part of the Third Tranche),**

**on the terms particularly described in this management information circular**

**(a) ASX Listing Rule 7.1**

Resolution #1 seeks approval and authorization by the CDI Holders, for the purposes of ASX Listing Rule 7.1,

- (i) that the 250,000 Debt Notes issued to McBain (as part of the First Tranche) be regarded as Convertible Notes, convertible into CDIs in accordance with the Note Terms, and
- (ii) for the issue of up to 500,000 Convertible Notes for the subscription by McBain of up to AU\$500,000 in accordance with the Note Terms (as part of the Third Tranche)

ASX Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of CDI Holders is required for the issue of equity securities if the equity securities will, when aggregated with the equity securities issued by a Corporation during the previous 12 months, exceed 15% of the number of equity securities on issue at the commencement of that 12 month period.

A Convertible Note is an 'equity security' for the purposes of the ASX Listing Rules.

As the issue of Convertible Notes to McBain would exceed the Corporation's currently available capacity under its 15% placement limit under ASX Listing Rule 7.1, CDI Holder approval is required for this Resolution.

**(b) ASX Listing Rule 7.3 disclosure requirements**

In accordance with the disclosure requirements of ASX Listing Rule 7.3, the following information must be provided to CDI Holders to enable them to consider and approve this Resolution #2:

- (i) the maximum number of CDIs that may be issued through the conversion of Convertible Notes (including the Debt Notes, once convertible) is 750,000;
- (ii) the Convertible Notes will be issued no later than three months after the date of the Meeting i.e. no later than September 24 2019 (or such later date as permitted by ASX waiver or modification of the Listing Rules);
- (iii) each Convertible Note will be issued in consideration for a subscription amount of AU\$1.00 per Note, being the \$250,000 for the Debt Notes already advanced and a further up to \$500,000 for Convertible Notes, or an aggregate subscription of up to AU\$750,000. (depending upon the size of the Third Tranche);
- (iv) the terms of the Convertible Notes set out in the Note Terms in Annexure A;
- (v) the Convertible Notes will be secured over the assets of the Group. Any CDIs issued on conversion of the Convertible Notes will rank equally with the existing quoted CDIs of the Corporation;
- (vi) it is expected that monies raised upon the conversion of the Convertible Notes will be used by the Corporation, in conjunction with other funds raised pursuant to the Financing, to continue bringing its software platform technology AlertPLUS™ to market, and for other working capital purposes; and
- (vii) the Noteholder is Fiftysecond Celebration Pty Ltd (as trustee for the McBain Family Trust)

The text of Resolution #2 is set out in the accompanying Notice.

Resolution #2 must be passed by a simple majority of the disinterested CDI Holders. Therefore, the Corporation will disregard any votes cast in favour of Resolution #2 by:

- (i) Fiftysecond Celebration Pty Ltd (as trustee for the McBain Family Trust) and otherwise any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Corporation), if the Resolution is passed; and
- (ii) an associate or affiliate of that person (or persons).

However, the Corporation need not disregard a vote if:

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

**The directors of the Corporation unanimously recommend CDI Holders vote in favour of Resolution #2.**

- III. Resolution #3: approving and authorizing, for the purposes of ASX Listing Rule 7.1 and all other purposes, the issue of an aggregate of 1,475,000 Convertible Notes for an aggregate subscription of AUD\$1,475,000 by the Exempt Investors as listed in, and on the terms particularly described in, the accompanying management information circular**

**(a) ASX Listing Rule 7.1**

Resolution #3 seeks approval and authorization by the CDI Holders, for the purposes of ASX Listing Rule 7.1, the issue of an aggregate of 1,475,000 Convertible Notes for an aggregate subscription of AUD\$1,475,000 by the Exempt Investors. These Convertible Notes will form part of Tranche 2, with the remainder of Tranche 2 being the Convertible Notes the subject of Resolutions #4 and #5.

'Exempt Investors' are investors who are exempt from disclosure under Chapter 6D of *the Corporations Act 2001*, and includes professional and sophisticated investors (as defined in that Act).

ASX Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of CDI Holders is required for the issue of equity securities if the equity securities will, when aggregated with the equity securities issued by a Corporation during the previous 12 months, exceed 15% of the number of equity securities on issue at the commencement of that 12 month period.

A Convertible Note is an 'equity security' for the purposes of the ASX Listing Rules.

As the issue of Convertible Notes to the Exempt Investors the subject of Resolution #3 (as listed below at item (b)(viii)) would exceed the Corporation's currently available capacity under its 15% placement limit under ASX Listing Rule 7.1, CDI Holder approval is required for this Resolution.

**(b) ASX Listing Rule 7.3 disclosure requirements**

In accordance with the disclosure requirements of ASX Listing Rule 7.3, the following information must be provided to CDI Holders to enable them to consider and approve this Resolution #3:

- (i) the maximum number of CDIs that may be issued through the conversion of Convertible Notes is 1,475,000;

- (ii) the Convertible Notes will be issued no later than three months after the date of the Meeting i.e. no later than September 24, 2019 (or such later date as permitted by ASX waiver or modification of the Listing Rules;
- (iii) each Convertible Note will be issued in consideration for an aggregate investment amount of AU\$1,475,000;
- (iv) the terms of the Convertible Notes are set out in the Note Terms in Annexure A;
- (v) the Convertible Notes will be secured over the assets of the Group. Any CDIs issued on conversion of the Convertible Notes will rank equally with the existing quoted CDIs of the Corporation;
- (vi) it is expected that monies raised upon the conversion of the Convertible Notes will be used by the Corporation, in conjunction with other funds raised pursuant to the Financing, to continue bringing its software platform technology AlertPLUS™ to market, and for other working capital purposes; and
- (vii) the Convertible Notes are to be issued to the following subscribers (**Resolution #3 Investors**) are to be
  - a. Daniel Heggin: 250,000 Convertible Notes for the subscription of \$250,000
  - b. Chevron Corporation Pty Ltd: 200,000 Convertible Notes for the subscription of \$200,000
  - c. Gisborne Park Pty Ltd: 250,000 Convertible Notes for the subscription of \$250,000
  - d. Janet Barlow: 25,000 Convertible Notes for the subscription of \$25,000
  - e. Rubi Holdings Pty Ltd as trustee for John Rubino Superannuation Fund: 300,000 Convertible Notes for the subscription of \$300,000
  - f. Merriwee Pty Ltd as trustee for Merriwee Superannuation Fund: 150,000 Convertible Notes for the subscription of \$150,000
  - g. West Eleventh Street Pty Ltd as trustee for West Eleventh Street: 50,000 Convertible Notes for the subscription of \$50,000
  - h. Samson Group Pty Ltd as trustee for Brand Superannuation Fund: 25,000 Convertible Notes for the subscription of \$25,000
  - i. Tony Brand and Norma Marks as trustee for Norma Brand Superannuation Fund: 25,000 Convertible Notes for the subscription of \$25,000, and
  - j. Josaka Investments Pty Ltd: 200,000 Convertible Notes for the subscription of \$200,000.

The text of Resolution #3 is set out in the accompanying Notice.

Resolution #3 must be passed by a simple majority of the disinterested CDI Holders. Therefore, the Corporation will disregard any votes cast in favour of Resolution #3 by:

- (i) each of the above Resolution #3 Investors and otherwise any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Corporation), if the Resolution is passed; and
- (ii) an associate or affiliate of that person (or persons).

However, the Corporation need not disregard a vote if:

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

**The directors of the Corporation unanimously recommend CDI Holders vote in favour of Resolution #3.**

**IV. Resolution #4: approving and authorizing, for the purposes of the ASX Listing Rule 10.11 and all other purposes, the issue of 50,000 Convertible Notes for the subscription of AUD\$50,000 to Dr Anne Spooner (a person associated with Mr. Michael Spooner, a Director of the Corporation), on the terms particularly described in the accompanying management information circular**

**(a) *ASX Listing Rule 10.11***

Resolution #4 seeks approval and authorization by the CDI Holders, for the purposes of ASX Listing Rule 10.11, the issue of 50,000 Convertible Notes for a subscription of AUD\$50,000 by Dr Anne Spooner (a person associated with Mr. Michael Spooner, a Director of the Corporation).

ASX Listing Rule 10.11 provides that, subject to certain exceptions, prior approval of CDI Holders is required for the issue of equity securities to a related party of the Corporation, or an associate of a related party of the Corporation. As Mr. Michael Spooner is a Director of the Corporation and Dr Anne Spooner is a person associated with Mr. Michael Spooner, CDI Holder approval of the issue of Convertible Notes to Dr Anne Spooner is required.

Pursuant to ASX Listing Rule 7.2 Exception 14, if the CDI Holders approve the issue of these securities pursuant to ASX Listing Rule 10.11, the Corporation does not also need to also secure CDI Holder approval under ASX Listing Rule 7.1 for this issue of Convertible Notes.

**(b) *ASX Listing Rule 10.13 disclosure requirements***

In accordance with the requirements of ASX Listing Rule 10.13, the following information is provided to CDI Holders to enable them to consider and approve Resolution #4:

- (i) the name of the person to be issued the securities is Dr Anne Spooner (a person associated with Mr. Michael Spooner, a Director of the Corporation).
- (ii) the maximum number of CDIs that may be issued is 50,000 Convertible Notes, convertible into CDIs in accordance with the Note Terms.

- (iii) the Convertible Notes will be issued no later than one month after the date of the Meeting i.e. no later than July 24 2019 (or such later date as permitted by ASX waiver or modification of the Listing Rules), and will form part of Tranche 2;
- (iv) the 50,000 Convertible Notes will be issued for \$50,000.
- (v) The terms applicable to each Convertible Note are described in the Note Terms, summarized in Annexure A. Repayment of each Convertible Note will be secured over the assets of the Corporate Group, and
- (vi) it is expected that monies raised upon the conversion of the Convertible Notes will be used by the Corporation, in conjunction with other funds raised pursuant to the Financing, to continue bringing its software platform technology AlertPLUS™ to market, and for other working capital purposes.

The text of Resolution #4 is set out in the accompanying Notice.

Resolution #4 must be passed by a simple majority of the disinterested CDI Holders. Therefore, the Corporation will disregard any votes cast in favour of Resolution #4 by:

- (i) Dr Anne Spooner and Michael Spooner, being a person associated with Dr Anne Spooner.
- (ii) an associate or affiliate of any of the above persons

However, the Corporation need not disregard a vote if:

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

**The directors of the Corporation (other than Mr Michael Spooner, who abstains from making a recommendation due to his association with Dr Anne Spooner) unanimously recommend that CDI Holders vote in favour of Resolution #4 .**

- V. Resolution #5 approving and authorizing, for the purposes of the ASX Listing Rule 10.11 and all other purposes, the issue of 50,000 Convertible Notes for the subscription of AUD\$50,000 to Dr Gary W Pace and Ms Jinny Hamilton Pace as trustees of the Pace Trust (an entity associated with Dr Gary W Pace, a Director of the Corporation) on the terms particularly described in the accompanying management information circular**

**(a) *ASX Listing Rule 10.11***

Resolution #5 seeks approval and authorization by the CDI Holders, for the purposes of ASX Listing Rule 10.11, the issue of 50,000 Convertible Notes for a subscription of AUD\$50,000 by Dr Gary W Pace and Ms Jinny Hamilton Pace as trustees of the Pace Trust (an entity associated with Dr Gary W Pace, a Director of the Corporation).

ASX Listing Rule 10.11 provides that, subject to certain exceptions, prior approval of CDI Holders is required for the issue of equity securities to a related party of the Corporation, or an associate of a related party of the Corporation. As Dr Gary W Pace and Ms Jinny Hamilton Pace as trustees of the Pace Trust and that trust is associated with Dr Gary W Pace, a Director of the Corporation), CDI Holder approval of the issue of these Convertible Notes.

Pursuant to ASX Listing Rule 7.2 Exception 14, if the CDI Holders approve the issue of these securities pursuant to ASX Listing Rule 10.11, the Corporation does not also need to also secure CDI Holder approval under ASX Listing Rule 7.1 for this issue of Convertible Notes.

**(b) ASX Listing Rule 10.13 disclosure requirements**

In accordance with the requirements of ASX Listing Rule 10.13, the following information is provided to CDI Holders to enable them to consider and approve Resolution #5:

- (i) the name of the person to be issued the securities is Dr Gary W Pace and Ms Jinny Hamilton Pace as trustees of the Pace Trust (an entity associated with Dr Gary W Pace, a Director of the Corporation).
- (ii) the maximum number of CDIs that may be issued is 50,000 Convertible Notes, convertible into CDIs in accordance with the Note Terms.
- (iii) the Convertible Notes will be issued no later than one month after the date of the Meeting i.e. no later than July 24, 2019 (or such later date as permitted by ASX waiver or modification of the Listing Rules) and will form part of Tranche 2;
- (iv) the 50,000 Convertible Notes will be issued for \$50,000.
- (v) The terms applicable to each Convertible Note are described in the Note Terms, summarized in Annexure A. Repayment of each Convertible Note will be secured over the assets of the Corporate Group, and
- (vi) it is expected that monies raised upon the conversion of the Convertible Notes will be used by the Corporation, in conjunction with other funds raised pursuant to the Financing, to continue bringing its software platform technology AlertPLUS™ to market, and for other working capital purposes.

The text of Resolution #5 is set out in the accompanying Notice.

Resolution #5 must be passed by a simple majority of the disinterested CDI Holders. Therefore, the Corporation will disregard any votes cast in favour of Resolution #5 by:

- (i) Dr Gary W Pace and Ms Jinny Hamilton Pace.
- (ii) an associate or affiliate of any of the above persons

However, the Corporation need not disregard a vote if:

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

**The directors of the Corporation (other than Dr Gary W Pace, who abstains from making a recommendation due to his position as one of the trustees of the Pace Trust) unanimously recommend that CDI Holders vote in favour of Resolution #5.**



- VI. **Resolution #6: approving and authorizing, for the purposes of ASX Listing Rule 7.1 and all other purposes, the issue of up to an additional 425,000 2019 Convertible Notes to Exempt Investors as nominated by the Board in its discretion, on the terms particularly described in the accompanying management information circular;**

**(a) ASX Listing Rule 7.1**

Resolution #6 seeks approval and authorization by the CDI Holders, for the purposes of ASX Listing Rule 7.1, for the Directors, in their discretion, to issue up to 425,000 Convertible Notes for an aggregate subscription of up to AUD\$425,000 to Exempt Investors determined in the discretion of the Directors.

As stated above, 'Exempt Investors' are investors who are exempt from disclosure under Chapter 6D of *the Corporations Act 2001*, and includes professional and sophisticated investors (as defined in that Act)

ASX Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of CDI Holders is required for the issue of equity securities if the equity securities will, when aggregated with the equity securities issued by a Corporation during the previous 12 months, exceed 15% of the number of equity securities on issue at the commencement of that 12 month period.

A Convertible Note is an 'equity security' for the purposes of the ASX Listing Rules.

As any issue of Convertible Notes to Exempt Investors (if any) as proposed pursuant to this Resolution #6 would exceed the Corporation's currently available capacity under its 15% placement limit under ASX Listing Rule 7.1, CDI Holder approval is required for this Resolution.

**(b) ASX Listing Rule 7.3 disclosure requirements**

In accordance with the disclosure requirements of ASX Listing Rule 7.3, the following information must be provided to CDI Holders to enable them to consider and approve this Resolution #6:

- (i) the maximum number of CDIs that may be issued through the conversion of Convertible Notes is 425,000, as determined by the Directors in their discretion;
- (ii) the Convertible Notes will be issued no later than three months after the date of the Meeting i.e. no later than September 24, 2019 (or such later date as permitted by ASX waiver or modification of the Listing Rules);
- (iii) each Convertible Note will be issued in consideration for a subscription amount of AU\$1.00 per Convertible Note, with an aggregate investment amount for all Convertible Notes that could be issued under this Resolution #6 of AU\$425,000;
- (iv) the terms of the Convertible Notes are set out in the Note Terms in Annexure A;
- (v) the Convertible Notes will be secured over the assets of the Group. Any CDIs issued on conversion of the Convertible Notes will rank equally with the existing quoted CDIs of the Corporation;
- (vi) it is expected that monies raised upon the conversion of the Convertible Notes will be used by the Corporation, in conjunction with other funds raised pursuant to the Financing, to continue bringing its software platform technology AlertPLUS™ to market, and for other working capital purposes; and

- (vii) if any Convertible Notes are issued, they will be issued to Exempt Investors selected by the Board in its absolute discretion.

The text of Resolution #6 is set out in the accompanying Notice.

Resolution #6 must be passed by a simple majority of the disinterested CDI Holders. Therefore, the Corporation will disregard any votes cast in favour of Resolution #6 by:

- (i) each person who is selected by the Board, and agrees, to subscribe for CDIs as contemplated by this Resolution #6 and otherwise a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Corporation), if the Resolution is passed; and
- (ii) an associate or affiliate of that person (or persons).

However, the Corporation need not disregard a vote if:

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

**The directors of the Corporation unanimously recommend that CDI Holders vote in favour of Resolution #6.**

#### **OTHER MATTERS TO BE ACTED UPON**

The Corporation will consider and transact such other business as may properly come before the Meeting or any adjournment or postponement thereof. The management of the Corporation knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting. Should any other matters properly come before the Meeting the shares represented by proxy solicited hereby will be voted on such matter in accordance with the best judgment of the persons voting by proxy.

#### **INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES**

No individual who is, or at any time during the Corporation's most recently completed financial year was, a director or executive officer of the Corporation, and no associate of any such director, executive officer is, or at any time during the Corporation's most recently completed financial year was, indebted to (i) the Corporation or any of its subsidiaries or (ii) indebted to another entity where such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries, other than routine indebtedness.

#### **MANAGEMENT CONTRACTS**

There are no management functions of the Corporation or any of its subsidiaries which are to any substantial degree performed by a person other than the directors or executive officers of the Corporation or subsidiary.

### **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

Other than in relation to resolutions #4 and #5 and, other than as disclosed elsewhere in this Information Circular, none of the directors or executive officers of the Corporation, none of the persons who have been directors or executive officers of the Corporation since the commencement of the Corporation's last completed financial year, and no associate or affiliate of any of the foregoing has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Other than as disclosed elsewhere in this Information Circular, there were no material interests, direct or indirect, of any informed person of the Corporation, any director of the Corporation, or any known associates or affiliates of any informed person or director, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation can be obtained on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).

Financial information is provided in the Corporation's comparative financial statements and management's discussion and analysis for the Corporation's most recently completed full financial year, namely for the period ended June 30, 2018). Copies of the Corporation's financial statements and management's discussion and analysis are available upon request from Peta Jurd, the Corporation's Chief Commercial Officer and Corporation Secretary at [pjurd@simavita.com](mailto:pjurd@simavita.com).

### **APPROVAL**

The contents of this Information Circular and the sending thereof have been approved by the Board.

**DATED** the 24th day of May, 2019

"Michael Spooner" Michael Spooner  
Non-Executive Chairman

## ANNEXURE A

### 2019 NOTE TERMS SUMMARY

The below is a summary of the key terms applicable to each 2019 Convertible Note.

Term	Description
<b>Use of Funds:</b>	To focus on the Corporation's business model by continuing to bring its software platform technology AlertPLUS™ to market and for other working capital purposes.
<b>Interest:</b>	Coupon rate of 10% per annum, with all interest payable upon the earlier of conversion, redemption or the Maturity Date.
<b>Subscription Tranches</b>	<p>Funds are to be advanced in 3 tranches as follows:</p> <ul style="list-style-type: none"> <li>(a) an initial tranche of \$500,000 upon signing the Note Deeds (<b>First Tranche</b>) as consideration for 500,000 Debt Notes (already subscribed),</li> <li>(b) a further tranche of a minimum of \$1,575,000 (<b>Second Tranche</b>) in return for 1,575,000 Convertible Notes, and</li> <li>(c) a further tranche of up to \$1,000,000 (<b>Third Tranche</b>) at AU\$1.00 per Convertible Notes as consideration for the issue of up to 1,000,000 Convertible Notes.</li> </ul>
<b>Maturity Date:</b>	April 30, 2022
<b>Security and priority:</b>	<p>The Convertible Notes will be secured convertible notes. A general securities deed poll granting security over the entire Corporation's assets and undertakings in Australia will be executed by the Corporation in favour of each 2019 Noteholder. The security shall cease as the Convertible Notes are converted or redeemed.</p> <p>The secured money owing to each Noteholder by the Corporation shall rank pari passu and pro rata between each 2019 Noteholder without any preference or priority between them. The Note Deed includes general terms governing Noteholders conducting Noteholder meetings and a process for actions that may be taken by the Noteholders.</p>

<p><b>Conditions Precedent</b></p>	<p>Conditions Precedent to the 2019 Note subscriptions include:</p> <ul style="list-style-type: none"> <li>(a) for completion of the First Tranche: <ul style="list-style-type: none"> <li>(i) the General Security Deed is executed by the Corporation;</li> <li>(ii) the ASX granting the ASX Waiver (if advised by the Company as being required under the ASX Listing Rules);</li> <li>(iii) directors and or management of the Corporation agree to subscribe at least \$100,000 for 2019 Notes and</li> <li>(iv) the Corporation has received applications for 2019 Notes for Subscription Amounts, in aggregate, of at least \$2.5m;</li> </ul> </li> <li>(b) the Second Tranche of Notes are to be subscribed within 2 Business Days following the Corporation securing the Requisite Approvals (see below), and</li> <li>(c) the Third Tranche of Notes may be subscribed (to the extent nominated by the Corporation) within 2 Business Days following the Corporation receives CE Mark Approval and it has an agreement in place of sufficient size to evidence market support for the technology,</li> </ul> <p>If the conditions for First Completion are not met by 31 May 2019 any funds already advanced under the First Tranche must be repaid.</p>
<p><b>Requisite Approvals</b></p>	<p>The Convertible Notes will remain debt notes unless and until the Corporation obtains all Requisite Approvals. "Requisite Approvals" comprise:</p> <ul style="list-style-type: none"> <li>(a) CDI Holder and CDI holder approvals under the applicable listing rules of the ASX;</li> <li>(b) ASX final approvals or waivers;</li> <li>(c) consent from holders of pre-existing convertible notes, and</li> <li>(d) Australian and Canadian corporate law approvals required under applicable law, regulation or policy requirements,</li> </ul> <p>in each case for the issue of the Notes as debt instruments, for these Notes to be regarded as convertible into CDIs and for the issue of the CDIs upon Conversion of the Notes.</p>

	<p>Subject to obtaining all Requisite Approvals, the 2019 Notes already issued will be regarded as convertible into CDIs and investors who have not yet subscribed for the Second Tranche (and the Third Tranche, if applicable) will be obliged to subscribe, in return for which they will be issued Convertible Notes.</p> <p>If the Requisite Approvals are not obtained by 1 October 2019 the First Tranche Notes will remain a secured debt note, but the interest will accrue thereafter at a higher rate and the relevant Noteholders may upon 15 Business Days' notice after the Sunset Date require the First Tranche Notes to be redeemed.</p>
<b>Repayment:</b>	<p>Repayment is due on earlier of:</p> <ul style="list-style-type: none"> <li>• Maturity Date (if required by the Noteholder and not already Converted); or</li> <li>• the occurrence of an Event of Default.</li> </ul> <p>If repayment is due to the occurrence of an Event of Default the Corporation must redeem the relevant Notes by paying the Principal outstanding plus Accrued Interest (including interest at the annual rate of 12% as from the date of service of the default redemption notice)</p>
<b>Events of default:</b>	<p>The Convertible Note Deed also includes customary events of default including:</p> <ul style="list-style-type: none"> <li>• the Corporation breaches a material term of the Deed;</li> <li>• any warranty is materially misleading or untrue;</li> <li>• occurrence of an insolvency event;</li> <li>• Court judgement in excess of \$100,000 is obtained against the Corporation.</li> </ul>
<b>Covenants</b>	<p>The Corporation provides each Noteholder with usual commercial covenants for a transaction such as this Financing</p>

<p><b>Conversion</b></p>	<p>The Convertible Notes may be converted by the Noteholder at any time, and will automatically convert into CDIs upon a Qualifying Finance Event or a Takeover of the Corporation, where a Qualifying Financing Event means an equity capital raise of at least A\$7.5 million, or such other amount as agreed, based on a minimum pre-money valuation of the Company of at least A\$20 million, with a target of pre-money valuation of A\$25 million.</p> <p>The number of CDIs to issue upon Conversion is calculated by dividing the sum of the principal amount paid under the Convertible Notes plus accrued interest; by the Conversion Price. The Conversion Price shall be determined as follows:</p> <ul style="list-style-type: none"> <li>(a) upon a "Qualifying Financing Event", the Conversion Price is equal to a 65% discount to the price per CDI at which the Qualifying Financing Event occurred with a cap based on a fully diluted (excluding all options under the Simavita Limited Stock Option Plan) pre-money value of \$25m (in which case the conversion price will be the lower of the 65% discount and the pre-money cap of \$25m). This price is to be calculated at a share price before taking into account the Qualifying Capital raise; or</li> <li>(b) where a Noteholder elects to Convert on or prior to 30 June 2020, the Conversion Price is equal to a 65% discount to the price per CDI calculated by dividing \$20 million by the number of CDIs on issue at the date of Conversion, or</li> <li>(c) where a Noteholder elects to Convert after 30 June 2020, the Conversion Price is equal to a price per CDI calculated by dividing \$3 million by the number of CDIs on issue at the date of Conversion; or</li> <li>(d) upon the "Maturity Date": the Conversion Price is equal to a price per CDI calculated by dividing \$3 million by the number of CDIs on issue at the date of Conversion.</li> </ul> <p>Where the CDIs are reconstructed, consolidated, divided or reclassified into a lesser or greater number of securities under circumstances not otherwise contemplated by the Note Terms or the Note Deed, the Conversion Price and / or Conversion Number shall be adjusted by the Company as it reasonably considers appropriate, having first obtained independent confirmation of the adjustment.</p>
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