

KONEKT LIMITED
(ASX: KKT)
A.C.N. 009 155 971

NOTICE OF ANNUAL GENERAL MEETING
AND
EXPLANATORY STATEMENT

DATE AND TIME OF MEETING:

18 November 2015 at 11.00 a.m. (AEDT)

VENUE OF MEETING:

Bass & Flinders Room
Level 9, 33 Erskine Street
Sydney NSW 2000

These documents should be read in their entirety.

If Shareholders are in any doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional advisor.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Shareholders of Konekt Limited (A.C.N. 009 155 971) (**the Company**) will be held at 11.00 a.m. (AEDT) on 18 November 2015 at the Bass & Flinders Room, Level 9, 33 Erskine Street, Sydney, NSW, 2000 (**the Meeting**).

The Explanatory Statement that accompanies and forms part of this Notice of Annual General Meeting (**the Notice**) describes in more detail the matters to be considered at the Meeting.

The Annual Report of the Company for the year ended 30 June 2015 is available online at the following web address: <http://www.konekt.com.au/investors/annual-reports/>

Please refer to section 7 of the Explanatory Statement accompanying this Notice for a glossary of terms and abbreviations used in this Notice and the Explanatory Statement.

ORDINARY BUSINESS:

1. Item 1: Financial Statements and Reports

“To receive and consider the Annual Report of the Company for the year ended 30 June 2015 which includes the Annual Financial Statements of the Company, the Directors’ Report, and the Auditor’s Report.”

Note: this item of business is **for discussion only and is not a resolution**.

However, pursuant to the Corporations Act, Shareholders will be given a reasonable opportunity at the Meeting to ask questions about, or make comments in relation to, each of the aforementioned reports during consideration of these items.

2. Resolution 1: Remuneration Report

To consider, and if thought fit, to pass the following resolution as a **non-binding resolution**:

“That for the purposes of section 250R(2) of the Corporations Act the Company adopts the Remuneration Report for the year ended 30 June 2015 as contained in the Annual Report of the Company for the year ended 30 June 2015.”

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 1 by or on behalf of (in any capacity):

- (i) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (ii) a Closely Related Party of a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report.

However, the Company need not disregard a vote if it is cast by:

- (i) a person described above as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) 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.

Note: in accordance with section 250R of the Corporations Act, the vote on this resolution is **advisory only and does not bind** the Directors or the Company.

However, pursuant to section 250SA of the Corporations Act, Shareholders will be given a reasonable opportunity at the Meeting to ask questions about, or make comments on, the Remuneration Report.

3. Resolution 2: Re-election of Director - Mr Philip Small

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

“That Mr Philip Small, who retires by rotation in accordance with clause 6.1 of the Constitution of the Company, be re-elected as a Director of the Company.”

4. Resolution 3: Issue of Options under the Konekt Performance Rights and Options Plan to the Chief Executive Officer

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

“For the purpose of ASX Listing Rule 10.14 and for all other purposes, that the Directors be permitted to issue up to 250,000 options under the Konekt Performance Rights and Options Plan to the Chief Executive Officer, Mr Damian Banks.”

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 3 by any Director of the Company (except one who is ineligible to participate in any Performance Rights and Option Plan in relation to the Company) or any associate of a Director.

However, the Company need not disregard a vote if it is cast by:

- (i) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) 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

5. Resolution 4: Approval of additional placement capacity under ASX Listing Rule 7.1A

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

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

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 4 by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed or any associate of any such a person.

However, the Company need not disregard a vote if it is cast by:

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

6. Resolution 5: Approval of an on-market Share buy-back

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

“That for the purposes of section 257C of the Corporations Act and for all other purposes, approval is given for the Company to conduct an on-market buy-back of Shares in the Company in the 12 month period following the approval of this resolution provided that the number of Shares bought back does not exceed 14,574,494 (being 20% of the lowest number of Shares on issue in the 12 months prior to the passing of this resolution) less any Shares bought back between that date and the date of this meeting, in accordance with the terms and on the basis described in the Explanatory Statement.”

OTHER BUSINESS:

In accordance with section 250S of the Corporations Act 2001, the Shareholders are invited to ask questions about, or make comments on, the management of the Company and to raise any other business that may be brought forward at the Meeting in accordance with the Constitution of the Company and the Corporations Act.

BY ORDER OF THE BOARD:



Reena Minhas
Company Secretary
Dated: 9 October 2015

IMPORTANT INFORMATION

Voting Entitlement

For the purpose of regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the Directors have determined that the shareholding of each Shareholder for the purposes of ascertaining their voting entitlements for the Meeting will be as it appears on the Company's share register at 7:00 p.m. (AEDT) on 16 November 2015 (**the Entitlement Time**).

Accordingly, only those persons registered as holders of Shares at the Entitlement Time will be entitled to attend and vote at the Meeting. Transactions registered after the Entitlement Time will be disregarded in determining Shareholders entitled to attend and vote at the Meeting.

Required Majority

- (a) In accordance with the Corporations Act, for the Resolutions to be effective:
- (i) the Resolutions must be passed at a meeting of which not less than 28 days written notice specifying the intention to propose the Resolutions has been given (satisfied by this Notice); and
 - (ii) in the case of ordinary resolutions, the Resolutions must be passed by more than 50% of all the votes cast by Shareholders present and entitled to vote on the Resolutions (whether in person or by proxy, attorney or representative); and
 - (iii) in the case of special resolutions, the Resolutions must be passed by not less than 75% of all the votes cast by Shareholders present and entitled to vote on the Resolutions (whether in person or by proxy, attorney or representative).
- (b) On a show of hands every Shareholder has one vote, and on a poll, every Shareholder has one vote for each fully paid ordinary share of the Company.

Proxies, Attorneys and Representatives

- (a) **(Appointment of Proxies):** A proxy form in the form required by the Corporations Act accompanies this Notice. Shareholders are recommended to use this proxy form.

Notwithstanding this, an appointment of proxy must be made by written notice to the Company:

- (i) that complies with section 250A(1) of the Corporations Act and the ASX Listing Rules; or
 - (ii) in any other form and mode that complies with the ASX Listing Rules and is, and is signed or acknowledged by the Shareholder in a manner, satisfactory to the Board.
- (b) **(Standing Appointments):** A Shareholder entitled to attend and vote at the Meeting may appoint a proxy, attorney or representative to act at the Meeting or make a standing appointment and revoke any appointment. A proxy, attorney or representative may, but need not, be a Shareholder of the Company.
- (c) **(Number of proxies):** A Shareholder may appoint not more than 2 proxies to attend and act for the Shareholder at the Meeting. 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 those votes.

- (d) **(Shareholder's attorney):** A Shareholder may appoint an attorney to act, or to appoint a proxy to act, at the Meeting. If the appointed attorney or proxy is an individual, the power of attorney must be signed in the presence of at least one witness.
- (e) **(Corporate representatives):** A Shareholder that is a body corporate may appoint an individual to act as its representative at the Meeting as permitted by section 250D of the Corporations Act.
- (f) **(Deposit of proxy forms and powers of attorney):** To be valid forms of proxy or powers of attorney, the proxy form (and if it is executed by an attorney, the relevant power of attorney or a certified copy of it) or the power of attorney (or a certified copy of it) must be received by the share registry of the Company, Computershare Investor Services Pty Ltd, by no later than 11.00 a.m. (AEDT) on 16 November 2015 (48 hours prior to the Meeting).

The proxy form can be sent to Computershare Investor Services Pty Ltd:

By Post:

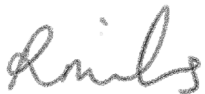
Computershare Investor Services
GPO Box 2975EE
Melbourne VIC 3000

By Facsimile:

+61 (0)3 9473 2500

Enquiries

All enquiries in relation to the contents of the Notice or the Explanatory Statement should be directed to the Company Secretary, Ms Reena Minhas (02) 9307 4007.



Reena Minhas
Company Secretary

EXPLANATORY STATEMENT

IMPORTANT INFORMATION

This Explanatory Statement has been prepared for the information of Shareholders of Konekt Limited (A.C.N. 009 155 971) (**the Company**) in connection with the Resolutions to be considered at the Annual General Meeting of Shareholders to be held at 11.00 a.m. (AEDT) on 18 November 2015 at the Bass & Flinders Room, Level 9, 33 Erskine Street Sydney, NSW 2000 (**the Meeting**).

This Explanatory Statement has been prepared for the Shareholders of the Company pursuant to the ASX Listing Rules in order to provide Shareholders with sufficient information to ensure that they are informed of all substantial matters relevant to the Resolutions proposed to be considered at the Meeting by the accompanying Notice of Annual General Meeting (**the Notice**).

Shareholders should read this Explanatory Statement in full because individual sections do not give a comprehensive review of the Resolutions. Further, this Explanatory Statement should be read in conjunction with the Notice.

If you are in any doubt about what to do in relation to the Resolutions contemplated in the Notice and this Explanatory Statement, it is recommended that you seek advice from an accountant, solicitor or other professional advisor.

INTRODUCTION

The Meeting is being held so that the Directors can table the financial statements and reports of the Company for the financial year ended 30 June 2015 and so that Shareholders can vote on the election of Directors. This is known as the Ordinary Business of the Meeting.

At the Meeting, Shareholders will also be asked to consider additional resolutions set out in the accompanying Notice under the heading Special Business. Details of these resolutions and an explanation as to why the Company is putting them to Shareholders are set out in this Explanatory Statement.

Please refer to section 7 of this Explanatory Statement for a glossary of terms and abbreviations used in the Notice and this Explanatory Statement.

ORDINARY BUSINESS

1. ITEM 1: Financial Statements and Reports

In accordance with the Corporations Act 2001 (Cth) (**the Corporations Act**) and the Constitution of the Company the Annual Report of the Company including the Annual Financial Statements, Directors' Report and Auditor's Report for the financial year ended 30 June 2015 will be laid out before the Meeting, and the constitution of the Company provides for such statements and reports to be received and considered at the Meeting.

Neither the Corporations Act nor the constitution of the Company requires a vote of Shareholders at the Meeting on such statements and reports.

However, the Meeting provides a forum for Shareholders to ask questions and make comments on the Company's reports and accounts and on the business and operations of the Company for the year ended 30 June 2015.

In addition, in accordance with section 250T of the Corporations Act, a representative of the Company's auditor for the year ended 30 June 2015, BDO East Coast Partnership (A.C.N. 236 985 726) (**BDO**), will be in attendance to respond to any questions raised in relation to BDO or the Auditor's Report.

Shareholders may submit written questions to BDO. Any written questions to BDO must be submitted to the Company by no later than 5:00 p.m. (AEDT) on 11 November 2015 (the fifth business day before the date of the Meeting).

2. RESOLUTION 1: Remuneration Report

Pursuant to section 250R(2) of the Corporations Act, the Board submits the Remuneration Report of the Company for the year ended 30 June 2015 to Shareholders for their consideration and adoption by way of a non-binding advisory resolution.

The Remuneration Report sets out the Company's remuneration policy and reports the remuneration arrangements in place for the Executive and Non-Executive Directors of the Company and certain executives whose remuneration arrangements are required to be disclosed.

The Remuneration Report forms part of the Directors' Report which is contained in the Annual Report of the Company for the year ended 30 June 2015.

A reasonable opportunity will be provided at the Meeting for Shareholders to ask questions about, or make comments on, the Remuneration Report.

The Directors may take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

Under section 250U and following of the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, shareholders will be required to vote at the second of those AGMs on whether to convene another meeting within 90 days at which all of the Company's directors (other than the Managing Director) must stand for re-election.

3. RESOLUTION 2: Re-Election of Director - Mr Philip Small

3.1 Shareholder Approval

In accordance with the requirements of clause 6.1 of the Constitution of the Company and the ASX Listing Rules, Mr Philip Small is retiring as a Director of the Company by rotation, and seeks re-election as a Director.

Mr Small spent 10 years in the general insurance industry and is a member of the Australian & New Zealand Institute of Insurance and Finance. Since 1985 he has been involved in the insurance and banking software industry and has a detailed knowledge of

the market in the Asia Pacific region. He has held a number of senior management positions as a technology executive and was President of Computer Science Corporation (CSC)'s Financial Services Group in Asia Pacific, a position he held until 2001. Prior to CSC, Philip worked for Continuum and was responsible for their operations in Asia Pacific between 1993 and 1996. Prior to this, he worked for Paxus Corporation where he headed up their European division from 1988 to 1993 and led their expansion to become the leading provider of insurance software in Europe.

Mr Small is a member of the Audit, Risk and Compliance Committee and Chair of the Remuneration Committee.

3.2 Board Recommendation

The Directors, excluding Mr Philip Small, unanimously recommend that Shareholders vote in favour of Resolution 2.

4. RESOLUTION 3: Issue of Options under the Konekt Performance Rights and Options Plan to the Chief Executive Officer

4.1 Shareholder Approval

The Directors wish to issue up to **250,000 Options** under the Konekt Performance Rights and Options Plan (**Plan**) to Mr Banks and subject to the terms and conditions of the **September 2015 Invitation**.

Unless one of the exceptions in ASX Listing Rule 10.12 applies, under ASX Listing Rule 10.11 the Company is prohibited from issuing or agreeing to issue securities in the capital of the Company to (relevantly) a related party without shareholder approval. Related parties include directors of the Company. Mr Banks is a Director of the Company.

Exception 4 of ASX Listing Rule 10.12 provides that an issue of securities under an employee incentive scheme made with the approval of ordinary shareholders under ASX Listing Rule 10.14 is an exception to ASX Listing Rule 10.11.

ASX Listing Rule 10.14 prohibits the Company from permitting (relevantly) a director of the Company from acquiring any securities under an employee incentive scheme without shareholder approval. The purpose of Resolution 3 is to seek such approval. If shareholder approval is given under Listing Rule 10.14, approval is not required under Listing Rule 7.1.

Terms & Conditions of November 2015 Invitation grant of Options

Maximum number of Shares

Each vested Option, if any, will, on payment of the exercise price, be converted to one ordinary Share on exercise. Accordingly, the maximum number of Shares that may be acquired by Mr Banks is **250,000** Shares.

The number of Options which will vest in accordance with the rules of the Plan and the invitation is dependent on the vesting conditions which can be summarised as follows:

Vesting Conditions – Service

- Continuous employment with Konekt Limited up to and including **30 June 2018** for **100%** of the Options to vest (subject to satisfaction of the performance condition at the termination date); or
- Continuous employment with Konekt Limited until at least **30 June 2017**, where employment is subsequently terminated by the Company and the Mr Banks is not a “Bad Leaver” under the Rules of the Plan for **pro-rata** vesting of the Options. “Pro rata Vesting” means that (subject to satisfaction of the performance conditions on a pro rata basis at the termination date), 2/3 of the options would vest on 30 June 2017, with the number increasing pro rata after that date. Any vested options would expire at 5pm 6 months after the date of termination of employment.

Vesting Conditions – Earnings Per Share (EPS) Target

The vesting of Options will also be subject to Konekt achieving the earnings per share (EPS) Target below.

September 2015 Invitation: EPS Target	Percentage of Options to vest if EPS Target achieved and Service to 30 June 2017	Percentage of Options to vest if EPS Target achieved and Service to 30 June 2018
Cumulative EPS of at least \$0.088 over the three financial years 2016, 2017 and 2018 with the 2018 EPS being a minimum of \$0.026 .	66.67%	100%
Cumulative EPS of at least \$0.07 over the three financial years 2016, 2017 and 2018 with the 2018 EPS being a minimum of \$0.023 .	33.33%	50%
Cumulative EPS of less than \$0.07 over the three financial years 2016, 2017 and 2018.	0%	0%

Pro Rata vesting of Options between 50% and 100% on a straight-line basis for Cumulative EPS between **\$0.07** and **\$0.088**.

For the **September 2015 Invitation**, EPS is defined as **Annual reported Net Profit after Tax per Share**.

Exercise Price: \$0.20 per Option

Vesting Date: July 2018

Expiry Date: 5.00pm (Australian Eastern Standard Time) 31 January 2019

The Options are granted under, and subject to, the Plan.

Options do not carry any dividend or voting rights prior to vesting.

The Company will not apply to the ASX for official quotation of the Options granted under the Plan. Shares issued pursuant to the exercise of Options will rank equally with Shares then on issue.

Other Information

The Company also provides the following specific information as required by ASX Listing Rule 10.15:

- The maximum number of securities that may be acquired is 250,000 Options.
- As Mr Bank's grant forms part of his LTI remuneration, the Options will be granted to Mr Banks at no cost.
- Since the date of the last approval, Mr Banks has been granted 400,000 options under the Plan out of which nil are vested.
- The following persons referred to in ASX Listing Rule 10.14 are entitled to participate in the Plan, but as at the date of this Notice of Meeting, have not received either Options or Performance Rights under the Plan:
 - (i) Mr Douglas Flynn;
 - (ii) Mr Philip Small;
 - (iii) Mr Anthony Crawford.
- There is no loan scheme in relation to the Options or the Plan.
- Mr Banks is prohibited from hedging the share price exposure in respect of the Options during the exercise period applicable to those Options.
- The Company will issue the new options to Mr Banks no later than 12 months after the Meeting.

4.2 Board Recommendation

The Directors, excluding Mr Damian Banks, unanimously recommend that Shareholders vote in favour of Resolution 3.

5. **RESOLUTION 4: Approval of additional placement capacity under ASX Listing Rule 7.1A**

5.1 **Shareholder Approval**

(a) General

Listing Rule 7.1A enables eligible entities to issue “Equity Securities” (as defined in the Listing Rules) of up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section (b)(iii) below).

The Directors of the Company believe that Resolution 4 is in the best interests of the Company and unanimously recommend that shareholders vote in favour of this Resolution.

(b) Description of Listing Rule 7.1A

(i) **Shareholder approval**

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a **special resolution** at an annual general meeting.

(ii) **Equity Securities**

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

As at the date of this Notice, the Company has on issue the following classes of Equity Securities:

- (i) listed fully paid ordinary shares;
- (ii) unlisted options exercisable at \$0.05 each prior to 31 January 2017.
- (iii) unlisted options exercisable at \$0.10 each prior to 31 March 2018;
- (iv) unlisted options exercisable at \$0.20 each prior to 28 February 2019.

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

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

(A x D) — E

- A** is the number of shares on issue 12 months before the date of issue or agreement:
- (i) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
 - (ii) plus the number of partly paid shares that became fully paid in the 12 months;
 - (iii) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rules 7.1 or 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
 - (iv) less the number of fully paid shares cancelled in the 12 months.

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

D is 10%

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

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

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

At the date of this Notice, the Company has on issue 72,737,471 Shares and therefore has a capacity to issue:

- (i) 10,910,621 Equity Securities under Listing Rule 7.1; and
- (ii) Subject to Shareholder approval being sought under Resolution 4 7,273,747 Equity Securities under Listing Rule 7.1A.

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

(v) **Minimum Issue Price**

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the volume weighted average price ('**VWAP**') of Equity Securities in the same class calculated over the 15 'Trading Days' on which trades in that class of Equity Securities were recorded (as defined in the Listing Rules) immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within five (5) Trading Days of the

date in paragraph (i) above, the date on which the Equity Securities are issued.

(vi) **10% Placement Period**

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

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),(10% Placement Period).

(c) Specific information required by Listing Rule 7.3A

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

- (i) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class of Equity Securities were recorded immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (ii) If Resolution 4 is approved by shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing shareholders' voting power in the Company will be diluted as shown in the table below (in the case of listed options, only if the listed options are exercised). There is a risk that:
 - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date,

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

The table below shows the dilution of existing shareholders on the basis of the current market price of shares and the current number of ordinary shares for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table also shows:

- (i) two examples where variable "A" (representing the Company's Share Capital) has increased, by 50% and 100%. Variable "A" is based on the number of ordinary shares the Company has on issue. The number of ordinary shares on issue may increase as a result of issues of ordinary shares that do not require shareholder approval (for example, a pro rata

entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future shareholders' meeting; and

- (ii) two examples of where the issue price of ordinary shares has decreased by 50% and increased by 50% as against the current market price.

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.125 50% decrease in Issue Price	\$0.25 Issue Price	\$0.375 50% Increase in Issue Price
Current Variable "A" 72,737,471 shares	10% Voting Dilution	7,273,747 shares	7,273,747 shares	7,273,747 shares
	Funds raised	\$909,281	\$1,818,436	\$2,727,655
50% increase in current Variable "A" 109,106,206 shares	10% Voting Dilution	10,910,621 shares	10,910,621 shares	10,910,621 shares
	Funds raised	\$1,363,828	\$2,727,655	\$4,091,483
100% increase in current Variable "A" 145,474,942 shares	10% Voting Dilution	14,547,494 shares	14,547,494 shares	14,547,494 shares
	Funds raised	\$1,818,437	\$3,636,874	\$5,455,310

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- (ii) No listed options (including any listed options issued under the 10% Placement Facility) are exercised into shares before the date of the issue of the Equity Securities.
- (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (iv) The table does not show an example of dilution that may be caused to a particular shareholder by reason of placements under the 10% Placement Facility, based on that shareholder's holding at the date of the Meeting.
- (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (vi) The issue of Equity Securities under the 10% Placement Facility consists only of shares. If the issue of Equity Securities includes listed options, it is assumed that those listed options are exercised into shares for the purpose of calculating the voting dilution effect on existing Shareholders.

- (vii) The issue price is \$0.25 being the closing price of the shares on ASX on 8 October 2015.
- (viii) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 4 for the issue of the Equity Securities will cease to be valid in the event that shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).
- (iv) The Company may seek to issue the Equity Securities for the following purposes:
 - (i) non-cash consideration for the acquisition of new assets. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
 - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised for business expansion and/or general working capital (including product and systems development).

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

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

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

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

(d) Previous approval under Listing Rule 7.3A

In 2014 the Company obtained shareholder approval under Listing Rule 7.1A at its last Annual General meeting on 31 October 2014, but the company has not previously used any of the additional placement capacity approved at that time.

(e) Details of equity securities issued during the last 12 months

As required by ASX Listing rule 7.3A6, set out below are details of all equity securities issued in the 12 months preceding the date of the Annual General Meeting.

During the 12 months prior to the date of the Annual General Meeting, the company issued a total of 1,670,000 Options under the Scheme under an exception in ASX Listing Rule 7.2 for employee incentive schemes.

These equity securities total 1,670,000 share options and represent 2.27% of the equity securities on issue at the commencement of the 12 month period preceding the date of the Annual General Meeting.

Share Options issued under the Company's Performance Rights and Options Plan	
Date of Issue	30 September 2015
Number issues	680,000
Terms	Exercisable at 20 cents by 28 February 2019
Issue Price	\$ Nil
Discount to market	N/A
Basis for persons who received options	Options issued under the Company's Performance Rights and Options Plan to members of the Senior Executive team.

Valuation of Options issued 30 September 2015	
The Company has valued the Options using the Black-Scholes option model and based on the assumptions as set out in the table below	
Value Date	29 July 2015
Share Price	\$0.20
Terms	3 years and 30 days
Standard Deviation	41.80%
Risk Free Rate	2.81%
Indicative value	\$0.063 per option

Share Options issued under the Company's Performance Rights and Options Plan	
Date of Issue	24 November 2014
Number issues	990,000
Terms	Exercisable at 10 cents by 31 May 2018
Issue Price	\$ Nil
Discount to market	N/A
Basis for persons who received options	Options issued under the Company's Performance Rights and Options Plan to members of the Senior Executive team.

Valuation of Options issued 24 November 2014	
The Company has valued the Options using the Black-Scholes option model and based on the assumptions as set out in the table below	
Value Date	18 November 2014
Share Price	\$0.115
Terms	3 years and 30 days
Standard Deviation	48.41%
Risk Free Rate	3.39%
Indicative value	\$0.047 per option

5.3 Reasons for Seeking Approval

The effect of Resolution 4 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

5.4 Board Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4.

6. RESOLUTION 5: Approval of an on-market Share buy-back

6.1 Shareholder Approval

The Company intends to obtain Shareholder approval at the AGM, for the on-market buy-back of up to 20% of the Company's Shares. In the normal course of business, the Company is able to undertake an on-market buy-back of a maximum of 10% of the Company's ordinary Shares, without seeking Shareholder approval. However, if the Company wishes to acquire Shares in excess of 10%, the provisions of the Corporations Act requires the Company obtain Shareholder approval prior to conducting the on-market Share buy-back.

(a) General

The decision to seek approval to buy back up to 20% of the Company's Shares is based on the desire to provide capital flexibility for the Company. The Company's Board is of the view that, if no M&A opportunities become available, buying back some of the Company's Shares would be a prudent use of capital, given the lack of franking credits available to Shareholders, and the fact that cash holdings are forecast to grow within the next 12 months.

(b) Why Shareholder approval is required

Section 2.6 of the Company's Constitution states the Company may with Shareholders' approval as required by the Corporations Act reduce its share capital. Under section 257A of the Corporations Act, the Company may only conduct a Share buy-back if:

- (i) it does not materially prejudice the Company's ability to pay its creditors; and
 - (ii) the Company follows the procedures set out in Division 2 of the Corporations Act.
- In relation to these requirements:

(i) the size of the buy-back has been calculated after taking into account all current and future existing and contingent obligations. Accordingly, the Board considers that the approval of the buy-back will not have a material impact on the Company's ability to meet its creditor obligations; and

(ii) Shareholders are being asked to approve the proposal at the Annual General Meeting of the Company.

Under Section 257C of the Corporations Act, an **ordinary** resolution of Shareholders is required for the Company to be able to conduct an on-market buy-back of greater than 10% of the Company's Shares.

(c) On market share buy-back – process and timing

If Shareholder approval is granted for the conduct of an on-market buy-back of up to 20% of the Company's Shares, the Company would review prevailing market conditions,

business development opportunities and its cash position, prior to commencing the buy-back process, and would implement the buy-back at such time and in circumstances which would allow for the efficient management of the Company's capital. All Shares purchased by the Company in the buy-back will be cancelled in accordance with the Corporations Act.

There is no guarantee that the Company will buy-back the full number of Shares and the Company reserves the right to suspend or terminate the buy-back at any time, and to buy-back fewer than 20% of the outstanding Shares on issue, or no Shares at all. The implementation and timing of the buy-back and the actual number of Shares acquired will depend on market conditions, business development opportunities and the Company's cash position.

The Company currently has 72,737,471 Shares on issue, and, should Resolution 5 be approved, a maximum of 14,547,494 Shares may be bought back on-market. The Directors advise that, in order to provide the Company with flexibility in relation to deployment of cash reserves, they unanimously recommend that Shareholders approve the buy-back of up to 20% of the Company's outstanding ordinary Shares, over a period not exceeding twelve months.

(d) Intentions of the board if the buy-back is not approved

In the event that the buy-back is not approved by Shareholders, the Board will proceed with a prudent capital management program, which will include the evaluation of accretive business development opportunities.

(e) Terms of the buy-back

The terms of the proposed buy-back are as follows:

Item Details Buy-back price	The buy-back will be conducted on-market from time to time, at market prices. Under the ASX Listing Rules, the price that can be paid is not more than 5% above the volume weighted average market price of Shares calculated over the previous 5 days on which sales in Shares were recorded.
Buy-back period	Twelve months from the date of passing of this resolution.
Total number of shares to be bought back	A maximum of 20% of the outstanding shares of the Company on issue, being 14,547,494 Shares.
Dilutionary effect	There will be no dilutionary effect on Shareholders, other than those whose Shares are acquired in an on-market transaction, as a result of the buy-back.

(f) The effect of buy-back on creditors

The buy-back involves a reduction in the Company's cash reserve. However, in the opinion of the Board, this will not materially prejudice the Company's ability to pay its

creditors, as the buy-back will be managed to ensure that the Company will have sufficient cash reserves to pay its creditors post the buy-back.

(g) The effect of buy-back on Shareholders

The buy-back will have no effect on the number of Shares held by Shareholders who have not had their Shares acquired. The Company has no partly paid shares on issue and no convertible securities (other than options) on issue.

(h) The effect on the Share rights on issue

The buy-back will have no effect on the number of Share Rights and Options issued to management, or on the strike price of Options. The buy-back will have the effect of reducing the total number of Shares on issue by the number of Shares bought back on-market and subsequently cancelled.

(i) The effect on Company's contributed equity

On completion of the buy-back, the contributed equity of the Company will be reduced by the amount expended in buying back Shares.

6.2 Board Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 5.

7. Glossary

In this Explanatory Statement the following terms have the meaning set out below:

A.C.N.	Australian Company Number.
AEDT	Australian Eastern Daylight Time.
ASX	ASX Limited (A.C.N. 008 624 691) and the financial market of which it operates at 20 Bridge Street, Sydney, NSW, 2000.
ASX Listing Rules	The official listing rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.
BDO East Coast Partnership or BDO	BDO East Coast Partnership (A.C.N. 236 985 726), Level 10, 1 Margaret Street, Sydney NSW, 2000.
Closely Related Party of a member of the Key Management Personnel	Includes a spouse or child of the member; a child of the member's spouse; a dependent of the member or the member's spouse; anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity; a company the member controls; or a person prescribed by the Corporations Regulations 2001.
Company	Konekt Limited (A.C.N. 009 155 971) of Level 3, 33 Erskine Street, Sydney, NSW, 2000.
Corporations Act	The Corporations Act 2001 (Commonwealth) as amended or replaced from time to time.
Corporations Regulations 2001	The Corporations Regulations 2001 (Commonwealth) as amended or replaced from time to time.
The Directors	The directors of the Company as at the date of the Notice and Explanatory Statement.
The Entitlement Time	7:00 pm. (AEDT) on 16 November 2015.
The Explanatory Statement	The Explanatory Statement accompanying the Notice.
Key Management Personnel	Includes all persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including all Directors (whether executive or otherwise) of the Company.
The Notice	The notice convening the Annual General Meeting of Shareholders of the Company for the year ended 30 June 2015.
The Meeting	The Annual General Meeting of the Company to be held at 11.00 a.m. (AEDT) on 18 November 2015 at the Bass & Flinders Room, Level 9, 33 Erskine Street, Sydney, NSW, 2000.
Resolutions	The resolutions set out in the Notice and Explanatory Statement.
Share(s)	A fully paid ordinary share in the capital of the Company.
Shareholder(s)	A person or company registered in the register of Shareholders of the Company as the holder of one or more Shares as at the Entitlement Time.

Lodge your vote:



By Mail:

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

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

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

┌ 000001 000 KKT
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form

 **For your vote to be effective it must be received by 11.00 a.m. (AEDT) on Monday 16 November 2015**

How to Vote on Items of Business

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

Appointment of Proxy

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

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

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

A proxy need not be a securityholder of the Company.

Signing Instructions

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

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

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

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

Attending the Meeting

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

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →



View the annual report:
www.konekt.com.au

Update your securityholding, 24 hours a day, 7 days a week:

www.investorcentre.com

Your secure access information is:

SRN/HIN: 1999999999



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

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

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



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Konekt Limited hereby appoint

the Chairman of the Meeting **OR**

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Konekt Limited to be held at the Bass & Flinders Room, Level 9, 33 Erskine Street, Sydney NSW 2000 on Wednesday, 18 November 2015 at 11.00 a.m. (AEDT) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 and 3 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 3 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1 and 3 by marking the appropriate box in step 2 below.

STEP 2 Resolutions

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

	For	Against	Abstain
1 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-Election of Director - Mr Philip Small	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Issue of Options under the Konekt Performance Rights and Options Plan to the Chief Executive Officer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of additional placement capacity under ASX Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval of an on-market Share buy-back	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /

┌ 000002 000 KKTRM
MR RETURN SAMPLE
123 SAMPLE STREET
SAMPLE SUBURB
SAMPLETOWN VIC 3030

Dear Securityholder,

We have been trying to contact you in connection with your securityholding in Konekt Limited. Unfortunately, our correspondence has been returned to us marked "Unknown at the current address". For security reasons we have flagged this against your securityholding which will exclude you from future mailings, other than notices of meeting.

Please note if you have previously elected to receive a hard copy Annual Report (including the financial report, directors' report and auditor's report) the dispatch of that report to you has been suspended but will be resumed on receipt of instructions from you to do so.

We value you as a securityholder and request that you supply your current address so that we can keep you informed about our Company. Where the correspondence has been returned to us in error we request that you advise us of this so that we may correct our records.

You are requested to include the following;

- > Securityholder Reference Number (SRN);
- > ASX trading code;
- > Name of company in which security is held;
- > Old address; and
- > New address.

Please ensure that the notification is signed by all holders and forwarded to our Share Registry at:

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne Victoria 3001
Australia

Note: If your holding is sponsored within the CHESSE environment you need to advise your sponsoring participant (in most cases this would be your broker) of your change of address so that your records with CHESSE are also updated.

Yours sincerely

Konekt Limited