

Cellnet Group Limited
ACN 010 721 749

Notice of Annual General Meeting

to be held at

Date: Tuesday, 10 November 2015

Time: 11.00am (Brisbane time)

Place: Cellnet Group Limited Head Office, 59-61 Qantas Drive, Eagle Farm, QLD, 4009

This is an important document and requires your attention

If you are in any doubt about how to deal with this document, please consult your legal, financial or other professional advisor.

Notice of Annual General Meeting

Notice is given that the 2015 Annual General Meeting of Cellnet Group Limited ACN 010 721 749 (**Company**) will be held at the Company's head office at 59-61 Qantas Drive, Eagle Farm, Brisbane, Queensland, on Tuesday, 10 November 2015 at 11:00am (Brisbane time).

The business to be considered at the meeting is set out below. This notice of meeting should be read in conjunction with the accompanying Explanatory Memorandum. A Proxy Form also accompanies this Notice of Annual General Meeting.

Agenda

1 Financial statements and reports

To receive and consider the Financial Report, Director's Report and Independent Audit Report for the Company and its controlled entities for the financial year ended 30 June 2015.

2 Resolution 1 – Adoption of the Remuneration Report

To consider and if thought fit, to pass the following resolution as a non-binding ordinary resolution under section 250R(2) of the Corporations Act 2001:

'That the Remuneration Report for the year ended 30 June 2015 is hereby adopted.'

Notes:

- (1) *This resolution is advisory only and does not bind the Company or the directors.*
- (2) *If 25% or more of votes that are cast are voted against the remuneration report at two consecutive AGMs, shareholders will be required to vote at the second of those AGMs on a resolution (a 'spill resolution') that another meeting be held within 90 days at which all of the Company's directors (other than the Managing Director) must stand for re-election.*

Voting exclusion

The Company will disregard and not count any votes cast (in any capacity) on Resolution 1 by or on behalf of either or both the following persons:

- (a) *a member of the Company's Key Management Personnel; or*
 - (b) *a Closely Related Party of a member of the Company's Key Management Personnel.*
- unless:*
- (c) *the person*
 - (i) *does so in relation to a resolution where they hold a Directed Proxy Form; or*
 - (ii) *is the Chairman of the Meeting and is expressly authorised to exercise the proxy even though the resolution is a Remuneration Resolution; and*
 - (d) *the vote is not cast on behalf of a person described in paragraph (a) and (b) above.*

3 Resolution 2 - Re-election of Mr Elliott Kaplan as Director

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

'That Mr Elliott Kaplan, a non-executive director retiring by rotation in accordance with the Constitution and the ASX Listing Rules and being eligible for re-election, be re-elected as a director of the Company.'

4 Resolution 3 - Approval of Enhanced Placement Capacity

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

'That, pursuant to and in accordance with the provisions of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of such number of Shares as equals up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum.'

Voting Exclusion

The Company will disregard any votes cast on this Resolution by:

- (a) a person who may participate in the Enhanced Placement Capacity and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this Resolution is passed; and*
- (b) any associate of such a person.*

However, the entity need not disregard a vote if:

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

Dated: 30 September 2015

By order of the Board

Chris Barnes
Company Secretary

Notes

- 1 Under regulation 7.11.37 of the Corporations Regulations 2001, the Directors have determined that the shareholding of each member for the purposes of ascertaining their voting entitlements at the meeting will be as it appears in the share register at 7.00pm (Sydney time) on Sunday, 8 November 2015.
- 2 Votes at the Meeting may be given personally or by proxy, attorney or representative. A member entitled to attend and vote at the meeting has the right to appoint no more than two proxies.
- 3 A member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
- 4 If the member appoints two proxies and the appointment does not specify the proportion or the number of the member's votes each proxy may exercise, each proxy may exercise one half of the member's votes. If the member appoints two proxies, neither proxy may vote on a show of hands.
- 5 A proxy form is attached. A proxy need not be a member of the Company.
- 6 A proxy form must be signed by the member or his or her power of attorney who has not received any notice of revocation of the authority. Proxies given by corporations must be signed by a director, company secretary, sole director and sole company secretary or under the hand of a duly authorized officer or attorney.
- 7 The proxy form (and any power of attorney under which it is signed) must be received by Link Market Services Limited either by –
 - (a) fax to +61 (2) 9287 0309
 - (b) by mail in the enclosed self addressed envelope, or
 - (c) by delivery to 1A Homebush Bay Drive, Rhodes NSW 2138 or Level 12, 680 George Street, Sydney NSW 2000no later than 48 hours before the commencement of the meeting, that is by no later than 11.00am (Brisbane time) on Sunday 8 November 2015. Any proxy form received after that time will not be valid for the scheduled meeting.
- 8 A member of the Company's Key Management Personnel or their Closely Related Party must not, whether in person or by proxy, vote in their own right on the adoption of the Remuneration Report in Resolution 1.
- 9 A person appointed as proxy may vote or abstain from voting as he or she thinks fit except in the following circumstances:
 - (a) the proxy holds a Directed Proxy Form;
 - (b) where the proxy is voting in relation to a Remuneration Resolution and the proxy is either a Key Management Personnel for the Company or a Closely Related Party and holds an Undirected Proxy Form; and
 - (c) the proxy is required by law or the Company's Constitution to vote in a certain manner or abstain from voting.
- 10 Clause 9(b) does not apply if the Chairman of the meeting is appointed as proxy and his appointment expressly authorises the Chairman to exercise the proxy even if the resolution is a Remuneration Resolution.

11 The Chairman intends to vote all Undirected Proxy Forms in favour of all resolutions, including Remuneration Resolutions.

12 The following definitions apply in this Notice of Meeting:

Closely Related Party means the closely related parties of Key Management Personnel as defined in the Corporations Act 2001, and include certain members of their family, dependents and companies they control.

Directed Proxy Form means a proxy form which specifies how a proxy is to vote.

Key Management Personnel of the Company are the directors of the Company and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's key management personnel for the financial year to 30 June 2015.

Listing Rules means the ASX Listing Rules.

Remuneration Resolution means a resolution connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Shares means ordinary fully paid shares in the issued capital of the Company.

Shareholder means a shareholder of the Company.

Undirected Proxy Form means a proxy form which does not specify how the proxy is to vote.

Explanatory Memorandum

This explanatory memorandum has been prepared to assist shareholders with their consideration of the resolutions to be put to the Annual General Meeting to be held on 10 November 2015. These explanatory notes should be read with, and form part of, the accompanying Notice of Annual General Meeting.

1 Financial statements and reports

The Corporations Act 2001 requires the Financial Report, Directors' Report and Audit Report to be laid before the Annual General Meeting. In addition, the Company's Constitution provides for such reports to be received and considered at the meeting.

Apart from the matters involving remuneration, which are required to be voted upon, neither the Corporations Act 2001 nor the Company's Constitution requires shareholders to vote on such reports. However, Shareholders will be given ample opportunity to ask questions or make comments about these reports and the management at the meeting.

2 Resolution 1 – Adoption of the Remuneration Report

The Remuneration Report of the Company for the financial year ended 30 June 2015 is set out in the Company's 2015 Annual Report.

In accordance with section 250R(2) of the Corporations Act 2001, Shareholders are asked to adopt the Company's Remuneration Report at the Company's Annual General Meeting.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting. The vote on this resolution is advisory only and does not bind the Directors or the Company.

Under the Corporations Act 2001, if 25% or more of the 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 a resolution (a 'spill' resolution) that another meeting be held within 90 days at which all of the Company's directors (other than the Managing Director) must go up for re-election.

A voting exclusion applies to Key Management Personnel and their Closely Related Parties in certain circumstances – see notes to Resolution 1.

As the directors have a personal interest in the proposed Resolution 1, they make no recommendations as to how Shareholders should vote on the Resolution.

3 Resolution 2 - Re-election of Mr Elliott Kaplan

Clause 17.1 of the Company's Constitution requires that at annual general meeting, one-third of the Directors (other than the Managing Director) must retire from office.

Mr Kaplan is a Chartered Accountant with extensive experience in senior financial and chief executive officer roles in both private and public listed companies. His experience, from both an investor and investee perspective, spans a diverse range of industries and businesses in the manufacturing, environmental, distribution and services sectors.

Mr Kaplan is the managing director of CVC Private Equity Limited. He has previously held non-executive director and chairman roles in a number of ASX listed companies and is currently a non-executive director of ASX listed Pro-Pac Packaging Limited. Mr Kaplan is

currently the chair of the Audit and Risk Management Committee and a member of the Remuneration Committee.

During the past three years, Mr Kaplan also served as Non-Executive Director of Mnemon Limited (formerly Mnet Group Limited) (ASX:MNZ) and Non-Executive Director of Dolomatrix Limited (ASX:DMX).

The Directors (with Mr Kaplan abstaining) unanimously recommend that Shareholders vote in favour of this resolution.

4 Resolution 3 - Approval of Enhanced Placement Capacity

ASX Listing Rule 7.1A

ASX Listing Rule 7.1A enables eligible entities to issue Shares up to 10% of their issued share capital through placements over a 12 month period after the annual general meeting at which an appropriate resolution has been approved to authorise such issue (**Enhanced Placement Capacity**). This Enhanced Placement Capacity is in addition to the Company's placement capacity under ASX Listing Rule 7.1 (**15% Placement Capacity**).

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

Resolution 3 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a case of a corporate shareholder, by a corporate representative).

If approved, the effect of Resolution 3 will be to allow the Directors to issue Shares under ASX Listing Rule 7.1A during the period in which the approval is valid, in addition to the Company's 15% Placement Capacity.

Calculation of the Enhanced Placement Capacity

The actual number of Shares that the Company will have capacity to issue under the Enhanced Placement Capacity will be calculated at the date of issue of the Shares in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

Minimum Price of securities issued under ASX Listing Rule 7.1A – ASX Listing Rule 7.3A.1

Pursuant to and in accordance with ASX Listing Rule 7.3A.1, the issue price of any securities issued pursuant to approval under ASX Listing Rule 7.1A must be not less than 75% of the volume weighted average price for the relevant class of equity securities over the 15 trading days immediately before:

- (a) the date on which the price at which the securities are to be issued is agreed; or
- (b) if the securities are not issued within 5 business days of the date in paragraph (a) above, the date on which the securities are issued.

The minimum price cannot be determined at this stage, however, the Company will disclose to the ASX the issue price on the date of issue of the relevant securities.

Dilution to existing Shareholders – ASX Listing Rule 7.3A.2

If Resolution 3 is approved by the Shareholders and the Company issues Shares under the Enhanced Placement Capacity, the existing Shareholders' voting power in the Company will be diluted as shown in Table 1 (below).

There is a risk that:

- (a) the market price for the Shares may be significantly lower on the date of the issue of the Shares than on the date of the Meeting; and
- (b) the Shares may be issued at a price that is at a discount to the market price for the Shares on the issue date.

If Shares are issued at a discount to the net tangible asset value per Share (**NTA**) there may be a negative impact on NTA.

Table 1 (below) shows the dilution of existing Shareholders on the basis of the current market price of Shares (as at 30 September 2015) and the current number of ordinary securities for variable "A" calculated in accordance with the formula in ASX Listing Rule 7.1.2 as at the date of this Notice.

Table 1 also shows:

- two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval or future specific placements under ASX Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Table 1

ASX Listing Rule 7.1A.2		Dilution		
		\$0.095 50% decrease in Market Price	\$0.19 Market Price	\$0.38 100% increase in Market Price
Current Issued Capital 53,632,311 Shares	10% Voting Dilution	5,363,231	5,363,231	5,363,231
	Funds raised	\$509,507	\$1,019,014	\$2,038,028
50% increase in current Issued Capital 80,448,467 Shares	10% Voting Dilution	8,044,847	8,044,847	8,044,847
	Funds raised	\$764,260	\$1,528,521	\$3,057,042
100% increase in current Issued Capital 107,264,622 Shares	10% Voting Dilution	10,726,462	10,726,462	10,726,462
	Funds raised	\$1,019,014	\$2,038,028	\$4,076,056

Assumptions and explanations

- Table 1 reflects the share capital of the Company as at the date of this Notice. As at the date of this Notice, the Company has 53,632,311 Shares on issue and 2,400,000 options on issue.
- Table 1 does not take into account the additional 2,400,000 Shares that would be on issue if the 2,400,000 options on issue in the Company were to be exercised.
- The Market Price is \$0.19 based on the closing price of the Shares on ASX on 30 September 2015.
- Table 1 only shows the effect of dilution based on the Enhanced Placement Capacity and not the 15% Placement Capacity.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue.

- Table 1 assumes the Company issues the maximum number of securities available to it under the Enhanced Placement Capacity.
- The increases in Issued Capital have been calculated in accordance with the formula in ASX Listing Rule 7.1A(2) as at 30 September 2015.
- The issue price of the Securities used in Table 1 does not take into account the discount to the Market Price (if any).

Final date for issue – ASX Listing Rule 7.3A.3

As required by ASX Listing Rule 7.3A.3, the Company will only issue and allot the securities under the Enhanced Placement Capacity during the period commencing on the date of the Meeting and expiring of the first to occur of:

- (a) 12 months after the date of the Meeting (which the Company anticipates will be 10 November 2015); and
- (b) the date Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities of the Company) or Listing Rule 11.2 (the disposal of the main undertaking of the Company).

Approval will cease to be valid in the event that holders of the Company's ordinary securities approve a transaction under ASX Listing rule 11.1.2 or rule 11.2.

Purpose – ASX Listing Rule 7.3A.4

Equity Securities to be issued for cash consideration

The purposes for which the securities may be issued under the Enhanced Placement Capacity include to raise funds for the Company. Any funds raised from the issue of those securities are intended to be used as follows:

- (a) general working capital; and
- (b) payment of any expenses associated with the issue of the securities.

Equity Securities to be issued for Non-cash consideration

The Company may issue securities under the Enhanced Placement Capacity for non-cash consideration, such as for the acquisition of new investments, assets or services.

If the Company issues securities for non-cash consideration, the Company will release to the market a valuation of the non-cash consideration that demonstrates that the issue price of the securities complies with ASX Listing Rule 7.1A.3.

Company's Allocation Policy – ASX Listing Rule 7.3A.5

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue of securities pursuant to the Enhanced Placement Capacity.

The identity of the allottees of the securities will be determined on a case-by-case basis having regard to factors including, but not limited to, the following:

- the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing Shareholders can participate;
- the effect of the issue of the securities on the control of the Company;
- the financial situation and solvency of the Company; and

- advice from corporate, financial and broking advisers (if applicable).

The allottees of the securities under the Enhanced Placement Capacity 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.

Further, if the Company is successful in acquiring new assets or investments, it is possible that the allottees under the Enhanced Placement Capacity will be the vendors of the new assets or investments.

For the purposes of Listing Rule 7.3A.6, it is noted that the Company has not previously obtained approval under Listing Rule 7.1A.

Voting Exclusion Statement – ASX Listing Rule 7.3A.7

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


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

LODGE YOUR VOTE

 **BY MAIL**
 Cellnet Group Limited
 C/- Link Market Services Limited
 Locked Bag A14
 Sydney South NSW 1235 Australia

 **BY FAX**
 +61 2 9287 0309

 **BY HAND**
 Link Market Services Limited
 1A Homebush Bay Drive, Rhodes NSW 2138; or
 Level 12, 680 George Street, Sydney NSW 2000

 **ALL ENQUIRIES TO**
 Telephone: +61 1300 554 474



PROXY FORM

I/We being a member(s) of Cellnet Group Limited (ABN 97 010 721 749) and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **11:00am on Tuesday, 10 November 2015 at Cellnet Group Limited Head Office, 59-61 Qantas Drive, Eagle Farm, QLD 4009** (the Meeting) and at any postponement or adjournment of the Meeting.

Important for Resolution 1: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolution 1, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.


VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an

Resolutions

	For	Against	Abstain*
1 Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Mr Elliott Kaplan as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval of Enhanced Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, 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 indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:00am on Sunday, 8 November 2015**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



BY MAIL

Cellnet Group Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138
or
Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**