

AQUABOTIX

UUV Aquabotix Ltd., C/- Azalea Consulting
CPC SE 5, 145 Stirling Highway
Nedlands WA 6009

24 April 2020

Dear Sir/Madam,

IMPACT OF COVID-19 RESTRICTIONS ON THE COMPANY'S ANNUAL GENERAL MEETING

The shareholder meeting is scheduled to be held in Perth on 29 May 2020 at 2:00pm (WST) **(Meeting)**. However, in light of the evolving COVID-19 situation and Government restrictions on public gatherings in place at present, the Directors have made a decision that Shareholders will not be able to attend the Meeting in person.

Accordingly, the Directors **strongly encourage all Shareholders to lodge a directed proxy form prior to the Meeting.**

The Australian government is implementing a wide range of measures to contain or delay the spread of COVID-19. If it becomes necessary or appropriate to make alternative arrangements to those set out in the Company's Notice of Meeting, the Company will notify Shareholders accordingly via the Company's website at www.aquabotix.com and the ASX Company's Announcement Platform at asx.com.au (ASX:UUV).

Shareholders will be able to participate in the Meeting by:

- (a) voting their Shares prior to the Meeting by lodging the attached proxy form attached to the Notice by no later than 2:00pm am on 27 May 2020;
- (b) lodging questions in advance of the Meeting by emailing the questions to Winton Willesee, Joint Company Secretary at winton@azc.com.au, by no later than 27 May 2020; and/or
- (c) attending the Meeting by video/teleconference facilities.

Further details of the video/teleconference facilities, including detailed instructions on how to access such facilities, will be made available to Shareholders who wish to attend by those means and contact the Company to advise so.

This announcement is authorised for market release by the Company Secretary.

Sincerely,



Winton Willesee
Joint Company Secretary

UUV AQUABOTIX LTD
ACN 616 062 072
NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 2:00pm (WST)
DATE: 29 May 2020
PLACE: Offices of Azalea Consulting Pty Ltd
Suite 5 CPC
145 Stirling Highway
NEDLANDS WA 6009

The business of the Meeting affects your shareholding and your vote is important.

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

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5:00pm on 27 May 2020.

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BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 31 December 2019 together with the declaration of the Directors, the Director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 31 December 2019."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

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

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

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – ADMIRAL JAY M. COHEN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of clause 12.11 of the Constitution, Listing Rule 14.4 and for all other purposes, Admiral Jay M. Cohen, a Director, retires by rotation, and being eligible, is re-elected as a Director."

4. RESOLUTION 3 – APPROVAL OF 7.1A MANDATE

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

"That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal 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 otherwise on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of 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 Company) or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

5. RESOLUTION 4 – ADOPTION OF INCENTIVE OPTION PLANS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.2 (Exception 13(b)) and for all other purposes, approval is given for the Company to adopt the employee incentive schemes titled "UUV Incentive Option Plan" and "UUV Concessional Incentive Option Plan" and for the issue of securities under the Incentive Option Plans, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is eligible to participate in the employee incentive scheme or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

6. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF SHARES – CAPITAL RAISING

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 59,375,000 Shares (on a pre Consolidation basis) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or is a counterparty to the agreement being approved (namely Azalea Investments Pty Ltd) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

7. RESOLUTION 6 – APPROVAL TO ISSUE OPTIONS – CAPITAL RAISING

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 593,750 Options (on a post Consolidation basis) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of 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 Company) (namely Azalea Investments Pty Ltd) or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

- (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
- (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

8. RESOLUTION 7 – CONSOLIDATION OF CAPITAL

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

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

- (a) every 50 Shares be consolidated into 1 Share;
- (b) every 50 Options be consolidated into 1 Option; and
- (c) every 50 Performance Shares be consolidated into 1 Performance Share,

and, where this Consolidation results in a fraction of a Share or an Option or a Performance Share being held, the Company be authorised to round that fraction up to the nearest whole Share or Option or Performance Share (as the case may be)."

9. RESOLUTION 8 – APPROVAL TO ISSUE SHARES IN LIEU OF SALARY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue that number of Shares which is calculated using the formula set out in the Explanatory Statement and on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of 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 Company) (namely Whitney Million) or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

10. RESOLUTION 9 – REPLACEMENT OF CONSTITUTION

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

"That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the chairman of the Meeting for identification purposes."

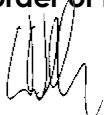
11. RESOLUTION 10 – ELECTION OF DIRECTOR – GEORGE VICINO

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of clause 12.18 of the Constitution and for all other purposes, George Vicino, a Director, having consented to act, is elected as a Director."

Dated: 24 April 2020

By order of the Board



**Winton Willesee
Company Secretary**

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Joint Company Secretaries on +61 8 9389 3100.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Corporations Act, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 31 December 2019 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.aquabotix.com.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – ADMIRAL JAY M. COHEN

3.1 General

Listing Rule 14.4 and clause 12.11 of the Constitution provide that, other than a managing director, a director of an entity must not hold office (without re-election) past the third annual general meeting following the director's appointment or 3 years, whichever is the longer. However, where there is more than one managing director, only one is entitled to be exempt from this rotation requirement.

Admiral Jay M. Cohen, who has served as a Director since 9 March 2017, retires by rotation and seeks re-election.

3.2 Qualifications and other material directorships

Admiral Jay M. Cohen is former Chief of Naval Research (United States Navy) and has served as the United States Department of the Navy Chief Technology Officer, Admiral Cohen is a graduate of the United States Naval Academy. He holds a joint Ocean Engineering degree from Massachusetts Institute of Technology (MIT) and Woods Hole Oceanographic Institution and Master of Science in Marine Engineering and Naval Architecture from MIT. Earlier in his career, he commanded USS Hyman G. Rickover and served on the U.S. Atlantic Fleet before commanding the submarine tender USS L.Y. Spear including a deployment to the Persian Gulf in support of Operation Desert Storm. Admiral Cohen was promoted to the rank of Rear Admiral in 1997 and reported to the Joint Staff as Deputy Director for Operations responsible to the President and Department of Defence leaders for strategic weapons release authority. In June 2000, he became the 20th Chief of Naval Research. He served during war as the Department of the Navy Chief Technology Officer, responsible for the \$2B+/year Navy and Marine Corps Science and Technology (S&T) Program. Unanimously confirmed by the US Senate, he was sworn in as Under Secretary for Science & Technology at the Department of Homeland Security in 2006. Since leaving government, Admiral Cohen serves on corporate boards and is an independent consultant for science and technology in support of U.S. and international defence, homeland security and energy issues and solutions.

3.3 Independence

If re-elected the Board considers Admiral Jay M. Cohen will be an independent Director.

3.4 Board recommendation

The Board has reviewed Admiral Jay M. Cohen's performance since his appointment to the Board and considers that Admiral Jay M. Cohen's skills and experience will continue to enhance the Board's ability to perform its role. Accordingly, the Board supports the re-election of Admiral Jay M. Cohen and recommends that Shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 – APPROVAL OF 7.1A MANDATE

4.1 General

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

However, under Listing Rule 7.1A, an eligible entity may seek shareholder approval by way of a special resolution passed at its annual general meeting to increase this 15% limit by an extra 10% to 25% (**7.1A Mandate**).

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300,000,000 or less. The Company is an eligible entity for these purposes.

Resolution 3 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% placement capacity provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval.

If Resolution 3 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 3 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1A, and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

4.2 Technical information required by Listing Rule 7.1A

Pursuant to and in accordance with Listing Rule 7.3A, the information below is provided in relation to Resolution 3:

(a) Period for which the 7.1A Mandate is valid

The 7.1A Mandate will commence on the date of the Meeting and expiring on the first to occur of the following:

- (i) the date that is 12 months after the date of this Meeting;
- (ii) the time and date of the Company's next annual general meeting; and
- (iii) the time and date of approval by Shareholders of any transaction under Listing Rule 11.1.2 (a significant change in the nature or scale of activities) or Listing Rule 11.2 (disposal of the main undertaking).

(b) Minimum Price

Any Equity Securities issued under the 7.1A Mandate must be in an existing quoted class of Equity Securities and be issued at a minimum price of 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the entity and the recipient of the Equity Securities; or
- (ii) if the Equity Securities are not issued within 10 trading days of the date in Section 4.2(b)(i), the date on which the Equity Securities are issued.

(c) **Use of funds raised under the 7.1A Mandate**

The Company intends to use funds raised from issues of Equity Securities under the 7.1A Mandate for:

- (i) the acquisition of new assets and investments (including expenses associated with such an acquisition);
- (ii) the development of the Company's current business; and
- (iii) general working capital.

(d) **Risk of Economic and Voting Dilution**

Any issue of Equity Securities under the 7.1A Mandate will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 3 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 7.1A Mandate, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A.2, on the basis of the closing market price of Shares and the number of Equity Securities on issue as at 20 April 2020.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 7.1A Mandate.

		Dilution			
Number of Shares on Issue (Variable A in Listing Rule 7.1A.2)		Shares issued – 10% voting dilution	Issue Price		
			\$0.0005	\$0.001	\$0.0015
			50% decrease	Issue Price	50% increase
			Funds Raised		
Current	741,359,204 Shares	74,359,204 Shares	\$37,067	\$74,135	\$111,203
50% increase	1,112,038,806 Shares	111,203,880 Shares	\$55,601	\$111,203	\$166,805
100% increase	1,482,718,408 Shares	148,271,840 Shares	\$74,135	\$148,271	\$222,407

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-

rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. There are currently 741,359,204 Shares on issue. This does not include any Shares which may be issued under the Company's Notice of General Meeting announced on 20 April 2020.
2. The issue price set out above is the closing market price of the Shares on the ASX on 20 April 2020.
3. The Company issues the maximum possible number of Equity Securities under the 7.1A Mandate.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1.
5. The issue of Equity Securities under the 7.1A Mandate consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under Listing Rule 7.1 unless otherwise disclosed.
8. 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%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 7.1A mandate, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

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

(e) Allocation policy under the 7.1A Mandate

The recipients of the Equity Securities to be issued under the 7.1A Mandate have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 7.1A Mandate, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue, share purchase plan, placement or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;

- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

(f) **Previous approval under Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A at its annual general meeting held on 31 May 2019 (**Previous Approval**).

During the 12-month period preceding the date of the Meeting, being on and from 29 May 2019, the Company issued 91,868,759 Shares pursuant to the Previous Approval (**Previous Issue**), which represent approximately 29.5% of the total diluted number of Equity Securities on issue in the Company on 29 May 2019, which was 311,187,586.

Further details of the issues of Equity Securities by the Company pursuant to Listing Rule 7.1A.2 during the 12 month period preceding the date of the Meeting are set out below.

The following information is provided in accordance with Listing Rule 7.3A.6(b) in respect of the Previous Issue:

Date of Issue and Appendix 3B	Date of Issue: 12 July 2019 Date of Appendix 3B: 15 July 2019
Recipients	Professional and sophisticated investors as part of a placement announced on 10 July 2019.
Number and Class of Equity Securities Issued	32,493,759 Shares ²
Issue Price and discount to Market Price¹ (if any)	\$0.006 per Share (at a discount 25% to Market Price).
Total Cash Consideration and Use of Funds	Amount raised: \$194,963 Amount spent: \$194,963 Use of funds: Ongoing working capital. Amount remaining: Nil

Date of Issue and Appendix 3B	Date of Issue: 20 April 2020 Date of Appendix 3B: 20 April 2020
Recipients	Azalea Investments Pty Ltd
Number and Class of Equity Securities Issued	59,375,000 Shares ²

Issue Price and discount to Market Price¹ (if any)	\$0.0008 per Share (at a discount 20% to Market Price).
Total Cash Consideration and Use of Funds	Amount raised: \$47,500 Amount spent: nil Use of funds: Ongoing working capital. Amount remaining: \$47,500

Notes:

1. Market Price means the closing price of Shares on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
2. Fully paid ordinary shares in the capital of the Company, ASX Code: UUV (terms are set out in the Constitution).

5. RESOLUTION 4 – ADOPTION OF INCENTIVE OPTION PLANS

5.1 General

Resolution 4 seeks Shareholder approval for the adoption of the employee incentive schemes titled “UUV Incentive Option Plan” (**Option Plan**) and “UUV Concessional Incentive Option Plan” (**Concessional Option Plan**) (together the **Incentive Option Plans**) for the issue of Options under the Incentive Option Plans in accordance with Listing Rule 7.2 (Exception 13(b)).

The objective of the Incentive Option Plans is to attract, motivate and retain key employees and the Company considers that the adoption of the Incentive Option Plans and the future issue of Options under the Incentive Option Plans will provide selected employees with the opportunity to participate in the future growth of the Company.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

Listing Rule 7.2 (Exception 13(b)) provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme if, within three years before the date of issue of the securities, the holders of the entity's ordinary securities have approved the issue of equity securities under the scheme as exception to Listing Rule 7.1.

Exception 13(b) is only available if and to the extent that the number of equity securities issued under the scheme does not exceed the maximum number set out in the entity's notice of meeting dispatched to shareholders in respect of the meeting at which shareholder approval was obtained pursuant to Listing Rule 7.2 (Exception 13(b)). Exception 13(b) also ceases to be available if there is a material change to the terms of the scheme from those set out in the notice of meeting.

If Resolution 4 is passed, the Company will be able to issue Options under the Incentive Option Plans to eligible participants over a period of 3 years. The issue of any Options to eligible participants under the Incentive Option Plans (up to the maximum number of Options stated in Section 5.2(a)(iii) below) will be excluded

from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

For the avoidance of doubt, the Company must seek Shareholder approval under Listing Rule 10.14 in respect of any future issues of Options under the Incentive Option Plans to a related party or a person whose relationship with the Company or the related party is, in ASX's opinion, such that approval should be obtained.

If Resolution 4 is not passed, the Company will be able to proceed with the issue of Options under the Incentive Option Plans to eligible participants, but any issues of Options will reduce, to that extent, the Company's capacity to issue equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the issue of the Options.

5.2 Technical information required by Listing Rule 7.2 (Exception 13)

Pursuant to and in accordance with Listing Rule 7.2 (Exception 13), the following information is provided in relation to Resolution 4:

(a) Option Plan

- (i) a summary of the key terms and conditions of the Option Plan is set out in Schedule 1;
- (ii) the Company has issued 45,800,000 Options under the Option Plan since the Company was admitted to the Official List;
- (iii) the maximum number of Securities proposed to be issued under the Option Plan, following Shareholder approval, is 37,067,960 Options (being 5% of the Company's issued capital at the date of this Notice). It is not envisaged that the maximum number of Securities for which approval is sought will be issued immediately; and
- (iv) a voting exclusion statement is included in Resolution 4 of this Notice.

(b) Concessional Option Plan

- (i) a summary of the key terms and conditions of the Concessional Option Plan is set out in Schedule 2;
- (ii) the Company has issued 10,000,000 Options under the Concessional Option Plan since the Company was admitted to the Official List;
- (iii) the maximum number of Securities proposed to be issued under the Concessional Option Plan, following Shareholder approval, is 37,067,960 Options (being 5% of the Company's issued capital at the date of this Notice). It is not envisaged that the maximum number of Securities for which approval is sought will be issued immediately; and
- (iv) a voting exclusion statement is included in Resolution 4 of this Notice.

6. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF SHARES – CAPITAL RAISING

6.1 General

As announced on 20 April 2020, the Company has completed a capital raising of \$47,500 through the issue of 59,375,000 Shares (on a pre Consolidation basis) at an issue price of \$0.0008 per Share (**Capital Raising**).

On 20 April 2020, the Company issued the Shares the subject of the Capital Raising (**Capital Raising Shares**) to Azalea Investments Pty Ltd. The Company also agreed to issue one free attaching Option for every two Shares subscribed for and issued under the Capital Raising. Shareholder approval under Listing Rule 7.1 for the issue of these Options is being sought under Resolution 6.

The Capital Raising Shares were issued pursuant to the Company's capacity under Listing Rule 7.1A which was approved by Shareholders at the annual general meeting held on 31 May 2019.

6.2 Listing Rules 7.1 and 7.1A

As summarised in Section 4.1 above, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that 12 month period, subject to a number of exceptions.

Under Listing Rule 7.1A however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.

The Company's ability to utilise the additional 10% capacity provided for in Listing Rule 7.1A for issues of equity securities following this Meeting remains conditional on Resolution 3 being passed by the requisite majority at this Meeting.

The issue of the Capital Raising Shares does not fit within any of the exceptions to Listing Rule 7.1 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 25% limit in Listing Rules 7.1 and 7.1A, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of issue of the Capital Raising Shares.

6.3 Listing Rule 7.4

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Capital Raising Shares.

Resolution 5 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Capital Raising Shares.

6.4 Technical information required by Listing Rule 14.1A

If Resolution 5 is passed, the Capital Raising Shares will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities the Company can issue with Shareholder approval over the 12 month period following the date of issue of the Capital Raising Shares.

If Resolution 5 is not passed, the Capital Raising Shares will be included in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Capital Raising Shares.

It is noted that the Company's ability to utilise the additional 10% capacity provided for in Listing Rule 7.1A for issues of equity securities following this Meeting remains conditional on Resolution 3 being passed at this Meeting.

6.5 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 5:

- (i) the Capital Raising Shares were issued to Azalea Investments Pty Ltd, who is not a related party of the Company;
- (ii) 59,375,000 Shares were issued and were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (iii) the Capital Raising Shares were issued on 20 April 2020;
- (iv) the issue price per Share was \$0.0008. The Company has not and will not receive any other consideration for the issue of the Capital Raising Shares;
- (v) the purpose of the issue of the Capital Raising Shares was to raise \$47,500, which will be applied towards general working capital;
- (vi) the Capital Raising Shares were not issued under an agreement; and
- (vii) a voting exclusion statement is included in Resolution 5 of the Notice.

7. RESOLUTION 6 – APPROVAL TO ISSUE OPTIONS – CAPITAL RAISING

7.1 General

As set out in Section 6.1 above, the Company has agreed to issue one free attaching Option for every two Shares subscribed for and issued under the Capital Raising. 59,375,000 Shares were issued under the Capital Raising which means that 593,750 Options (on a post Consolidation basis) are to be issued under the Capital Raising (**Capital Raising Options**) (being 29,687,500 Options on a pre Consolidation basis).

As summarised in Section 4.1 above, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that 12 month period, subject to a number of exceptions.

The proposed issue of the Capital Raising Options does not fall within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

7.2 Technical information required by Listing Rule 14.1A

If Resolution 6 is passed, the Company will be able to proceed with the issue of the Capital Raising Options. In addition, the issue of the Capital Raising Options

will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 6 is not passed, the Company will not be able to immediately proceed with the issue of the Capital Raising Options and the Company would need to wait until it had sufficient placement capacity under Listing Rule 7.1 to issue the Capital Raising Options.

Resolution 6 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Capital Raising Options.

7.3 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 6:

- (i) the Capital Raising Options will be issued to Azalea Investments Pty Ltd, who is not a related party of the Company;
- (ii) the maximum number of Capital Raising Options to be issued is 593,750 (on a post Consolidation basis). The terms and conditions of the Capital Raising Options are set out in Schedule 3;
- (iii) the Capital Raising Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Capital Raising Options will occur on the same date;
- (iv) the Capital Raising Options will be issued at a nil issue price as they are free attaching to the Shares issued under the Capital Raising on a 1 for 2 basis;
- (v) the purpose of the issue of the Capital Raising Options is to make an agreed issue of Options to the participant in the Capital Raising;
- (vi) the Capital Raising Options are not being issued under an agreement;
- (vii) the Capital Raising Options are not being issued under, or to fund, a reverse takeover; and
- (viii) a voting exclusion statement is included in Resolution 6 of the Notice.

8. RESOLUTION 7 – CONSOLIDATION OF CAPITAL

8.1 Background

If Resolution 7 is passed, and excluding any Securities issued pursuant to the other Resolutions, the number of:

- (i) Shares on issue will be reduced from 741,359,204 to 14,827,184 (subject to rounding);
- (ii) Options on issue will be reduced from 107,000,000 to 2,140,000 (subject to rounding); and
- (iii) Performance Shares on issue will be reduced from 30,000,000 to 600,000 (subject to rounding).

8.2 Legal requirements

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

8.3 Fractional entitlements

Not all security holders will hold that number of Shares, Options or Performance Shares (as the case may be) which can be evenly divided by 50. Where a fractional entitlement occurs, the Company will round that fraction up to the nearest whole Security.

8.4 Taxation

It is not considered that any taxation implications will exist for Security holders arising from the Consolidation. However, security holders are advised to seek their own tax advice on the effect of the Consolidation and neither the Company, nor its advisers, accept any responsibility for the individual taxation implications arising from the Consolidation.

8.5 Holding statements

From the date two Business Days after the Consolidation is approved by Shareholders, all holding statements for Securities will cease to have any effect, except as evidence of entitlement to a certain number of Securities on a post-Consolidation basis.

After the Consolidation becomes effective, the Company will arrange for new holding statements for Securities to be issued to holders of those Securities.

It is the responsibility of each Security Holder to check the number of Securities held prior to disposal or exercise (as the case may be).

8.6 Effect on capital structure

The overall effect which the Consolidation will have on the Company's capital structure is set out in Section 8.1 above.

8.7 Indicative timetable*

If Resolution 7 is passed, the reduction of capital will take effect in accordance with the following timetable (as set out in Appendix 7A (paragraph 8) of the Listing Rules):

Action	Date
Company announces Consolidation and sends out Notice of Meeting.	30 April 2020
Company tells ASX that Shareholders have approved the Consolidation.	29 May 2020
Effective Date	
Last day for pre-Consolidation trading.	1 June 2020
Post-Consolidation trading starts on a deferred settlement basis.	2 June 2020
Record Date and last day for Company to register transfers on a pre-Consolidation basis.	3 June 2020

Action	Date
First day for Company to send notice to each holder of the change in their details of holdings.	4 June 2020
First day for the Company to register Securities on a post-Consolidation basis and first day for issue of holding statements.	
Change of details of holdings date. Deferred settlement market ends.	10 June 2020
Last day for Securities to be entered into holders' Security holdings.	
Last day for the Company to send notice to each holder of the change in their details of holdings.	
Trading starts on a normal T+2 basis	11 June 2020
First settlement of trades conducted on a deferred settlement basis and on a normal T+2 basis	15 June 2020

9. RESOLUTION 8 – APPROVAL TO ISSUE SHARES IN LIEU OF SALARY

9.1 General

As announced on 23 March 2020, the Company and its Chief Executive Officer, Whitney Million, have agreed to vary the terms of Ms Million's employment agreement such that, among other variations, Ms Million's salary for part of March and the full months of April and May will be satisfied by the issue of Shares at a deemed issue price based on the formula set out in Section 9.3 below (**Salary Shares**).

As summarised in Section 4.1 above, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that 12 month period, subject to a number of exceptions.

The proposed issue of the Salary Shares does not fall within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

9.2 Technical information required by Listing Rule 14.1A

If Resolution 8 is passed, the Company will be able to proceed with the issue of the Salary Shares. In addition, the issue of the Salary Shares will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 8 is not passed, the Company will not immediately be able to proceed with the issue of the Salary Shares and the Company would need to wait until it had sufficient placement capacity under Listing Rule 7.1 to issue the Salary Shares.

Resolution 8 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Salary Shares.

9.3 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 8:

- (i) the Salary Shares will be issued to Whitney Million, who is not a related party of the Company;
- (ii) the maximum number of Salary Shares to be issued to Ms Million will be calculated as follows:
 - (A) the outstanding salary amount of \$4,593 for the last 10 days of the month of March will be satisfied by the issue of 2,441,111 Shares at a deemed issue price of \$0.00188 per Share which is the 10 trading day volume weighted average price of the Shares on ASX leading up to and including 20 March 2020;
 - (B) the outstanding salary amount of \$13,495 for the month of April will be satisfied by the issue of 13,218,861 Shares at a deemed issue price of \$0.00102 per Share which is the 10 trading day volume average price of the Shares on ASX leading up to and including the final trading day of March; and
 - (C) the outstanding salary amount of \$13,495 for the month of May will be satisfied by the issue of Shares at a deemed issue price equal to the 10 trading day volume average price of the Shares on ASX leading up to and including the final trading day of April; and
- (iii) the Salary Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (iv) the Salary Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Salary Shares will occur progressively;
- (v) the Salary Shares will be issued at a nil issue price, in lieu of Ms Million's salary for part of the month of March and the full months of April and May;
- (vi) the purpose of the issue of the Salary Shares is in lieu of Ms Million's salary as Chief Executive Officer of the Company for the periods noted above which will enable the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Ms Million;
- (vii) the Salary Shares are to be issued to Whitney Million under a variation to her employment agreement with the Company. A summary of the material terms of the variation are set out in the Company's announcement of 23 March 2020;
- (viii) the Salary Shares are not being issued under, or to fund, a reverse takeover; and
- (ix) a voting exclusion statement is included in Resolution 8 of the Notice.

10. RESOLUTION 9 – REPLACEMENT OF CONSTITUTION

10.1 General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of shareholders.

Resolution 9 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and Listing Rules.

This will incorporate amendments to the Corporations Act and Listing Rules since the current Constitution was adopted upon incorporation of the Company (22 November 2016).

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. The Directors believe the amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website www.aquabotix.com and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 8 9389 3100). Shareholders are invited to contact the Company if they have any queries or concerns.

10.2 Summary of material proposed changes

Restricted Securities (clause 2.12)

The Proposed Constitution complies with the recent changes to Listing Rule 15.12 which took effect from 1 December 2019. As a result of these changes, ASX will require certain more significant holders of restricted securities and their controllers (such as related parties, promoters, substantial holders, service providers and their associates) to execute a formal escrow agreement in the form Appendix 9A, as is currently the case. However, for less significant holdings (such as non-related parties and non-promoters), ASX will permit the Company to issue restriction notices to holders of restricted securities in the form of the new Appendix 9C advising them of the restriction rather than requiring signed restriction agreements.

Direct Voting (clause 13, specifically clauses 13.35 – 13.40)

The Proposed Constitution includes a new provision which allows Shareholders to exercise their voting rights through direct voting (in addition to exercising their existing rights to appoint a proxy). Direct voting is a mechanism by which Shareholders can vote directly on resolutions which are to be determined by poll. Votes cast by direct vote by a Shareholder are taken to have been cast on the poll as if the Shareholder had cast the votes on the poll at the meeting. In order for direct voting to be available, Directors must elect that votes can be cast via direct vote for all or any resolutions and determine the manner appropriate for

the casting of direct votes. If such a determination is made by the Directors, the notice of meeting will include information on the application of direct voting.

Partial (proportional) takeover provisions (new clause 36)

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares. Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act. This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

Information required by section 648G of the Corporations Act

Effect of proposed proportional takeover provisions

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

Reasons for proportional takeover provisions

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

Knowledge of any acquisition proposals

As at the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

Potential advantages and disadvantages of proportional takeover provisions

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (a) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) assisting in preventing Shareholders from being locked in as a minority;

- (a) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (b) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (a) proportional takeover bids may be discouraged;
- (b) lost opportunity to sell a portion of their Shares at a premium; and
- (c) the likelihood of a proportional takeover bid succeeding may be reduced.

Recommendation of the Board

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 9.

11. RESOLUTION 10 – ELECTION OF DIRECTOR – GEORGE VICINO

11.1 General

ASX Listing Rule 14.3 provides that an entity must accept nominations for the election of directors up to 35 business days before the date of a general meeting at which directors may be elected. The Company has received a nomination from Mr George Vicino. Clause 12.18 of the Constitution provides that the Company may by ordinary resolution appoint a person as Director. Mr Vicino seeks election as a Director.

11.2 Qualifications and other material directorships

George Vicino is the founder and Chairman of the SYPAQ group of companies. George served 22 years in the Royal Australian Air Force (RAAF) as a systems engineer specialising in airborne electronic systems. On leaving the RAAF, George worked for some three years with Telstra as a System Design and Integration Engineer before founding SYPAQ in 1992.

George has personally delivered successful client outcomes in diverse and complex projects including Mission-critical Defence systems, Communications systems, Information Systems and Business Process Re-engineering, organisational restructure and Change Management.

George holds a Bachelor of Engineering from the Royal Melbourne Institute of Technology (RMIT) and is a Member of the Australian Institute of Company Directors. George currently serves as SYPAQ's Chairman and remains personally committed to ensuring the successful delivery of cost-effective and sustainable solutions to complex Defence capability requirements.

11.3 Independence

If elected the Board does not consider Mr Vicino will be an independent Director.

GLOSSARY

\$ means Australian dollars.

7.1A Mandate has the meaning given in Section 4.1.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means UUV Aquabotix Ltd (ACN 616 062 072).

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Listing Rules means the Listing Rules of ASX.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 31 December 2019.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

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

Shareholder means a registered holder of a Share.

Variable A means "A" as set out in the formula in Listing Rule 7.1A.2.

SCHEDULE 1 – SUMMARY OF OPTION PLAN

- (a) **Eligibility and Grant of Options:** The Board may grant Options to any Director, full or part time employee, or casual employee or contractor who falls within ASIC Class Order 14/1000, of the Company or an associated body corporate (**Eligible Participant**). The Board may also offer Options (**Offer**) to a prospective Eligible Participant provided the Offer can only be accepted if they become an Eligible Participant. Options may be granted by the Board at any time.
- (b) **Consideration:** Each Option granted under the Plan will be granted for no more than nominal cash consideration.
- (c) **Conversion:** Each Option is exercisable into one Share in the Company ranking equally in all respect with the existing issued Shares in the Company.
- (d) **Exercise Price and Expiry Date:** The exercise price and expiry date for Options granted under the Plan will be determined by the Board prior to the grant of the Options.
- (e) **Exercise Restrictions:** The Options granted under the Plan may be subject to conditions on exercise as may be fixed by the Directors prior to grant of the Options (**Exercise Conditions**). Any restrictions imposed by the Directors must be set out in the offer for the Options.
- (f) **Lapsing of Options:** An unexercised Option will lapse:
 - (i) on its Expiry Date;
 - (ii) if any Exercise Condition is unable to be met and is not waived, as determined by the Board; or
 - (iii) subject to certain good leaver exceptions or a determination by the Board, where the Eligible Participant ceases to be an Eligible Participant.
- (g) **Disposal of Options:** Options will not be transferable except to the extent the Plan or any offer provides otherwise.
- (h) **Quotation of Options:** Options will not be quoted on the ASX, except to the extent provided for by the Plan or unless an offer provides otherwise.
- (i) **Trigger Events:** The Company may permit Options to be exercised in certain circumstances where there is a change in control of the Company (including by takeover) or entry into a scheme of arrangement.
- (j) **Participation generally:** There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (k) **Rights Issues and Bonus Issues:** If the Company makes a pro rata issue of securities (except a bonus issue) to the holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the option exercise price shall be reduced according to the formula specified in ASX Listing Rule 6.22.2. In the event of a bonus issue of Shares being made pro rata to Shareholders, (other than an issue in lieu of dividends), the number of Shares issued on exercise of each Option will include the number of bonus Shares that would have been issued if the Option had been exercised prior to the record date for

the bonus issue. No adjustment will be made to the exercise price per Share of the Option.

- (l) **Reorganisation:** The terms upon which Options will be granted will not prevent the Options being re-organised as required by the Listing Rules on the re-organisation of the capital of the Company.
- (m) **Limitations on Offers:** The Company must have reasonable grounds to believe, when making an Offer, that the number of Shares to be received on exercise of Options offered under an Offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the Offer. Further, not more than 74,135,920 Shares (on a pre-Consolidation basis) in the aggregate may be the subject of ISO Options (which are Options to be granted to Eligible Participants who are U.S. residents for U.S. income tax purposes and are intended to qualify as options under section 422 of the U.S. Internal Revenue Code of 1986 as amended and any successor statute) under the Plan.

SCHEDULE 2 – SUMMARY OF CONCESSIONAL OPTION PLAN

The Concessional Option Plan contains standard terms to those set out in the Option Plan (as set out in Schedule 1) along with the following additional terms:

- (a) **Leaver Provisions:** where an Eligible Participant ceases to be employed or contracted by the Company or an associated body corporate (**Leaver**), the Board may, in its absolute discretion:
 - (i) serve a notice on the Leaver advising that some or all the Leaver's unvested Options have lapsed;
 - (ii) serve a notice on the Leaver requiring the Leaver to sell some or all of the Leaver's vested Options for fair market value to any person nominated by the Board; or
 - (iii) allow the Leaver to retain some or all the Leaver's Options.
- (b) **Cashless Exercise:** The Plan also allows Eligible Participants to exercise vested Options by way of a 'cashless exercise'. Where an Eligible Participant makes such an election, rather than the participant being required to pay the exercise price of each Option to be exercised, the Company will issue the Eligible Participant with a smaller number of Shares on the exercise of the Options representing the difference between the value of the Shares to be issued and the exercise price of the Option. Where the Options are exercised by a 'cashless exercise', the Company will only issue such number of Shares as is equivalent to the number of Options being exercised multiplied by the excess of the average Share price over the exercise price of the Options divided by the average Share price and then rounded down to a whole number of Shares.
- (c) **Loan:** An Eligible Participant who is to be granted Options may request the Company to grant a loan up to the total amount payable in respect of the exercise price of the Options granted to the Eligible Participant (**Loan**), on the following terms:
 - (i) the Loan will be interest free;
 - (ii) the Loan will be deemed to have been made at the time the Company issues the Shares on exercise of the Options to the Eligible Participant;
 - (iii) the Loan shall be applied by the Company directly toward payment of the exercise price of the Options on exercise of such Options by the Eligible Participant;
 - (iv) the Company will apply any cash dividends in respect of Shares issued on exercise of the Options to repayment of any outstanding Loan amount;
 - (v) the Loan repayment date and the manner for making such payments shall be determined by the Board and set out in the offer of Options;
 - (vi) an Eligible Participant must repay the Loan in full by the Loan repayment date but may elect to repay the Loan amount in respect of any or all of the exercised Options at any time prior to the Loan repayment date;
 - (vii) the Company shall have a lien over the Shares issued on exercise of the Options and in respect of which a Loan is outstanding and the Company shall be entitled to sell those Shares in the event the Eligible Participant does not repay the Loan by the repayment date;

- (viii) the Loan is repayable in full where the Eligible Participant suffers an insolvency event or breaches any condition of the Loan or the Plan;
- (ix) an Eligible Participant must not transfer, assign, encumber or otherwise deal with the Shares issued on exercise of the Options until the Loan has been fully repaid;
- (x) a Loan will be non-recourse except against the Shares issued on exercise of Options issued under the Plan and which are held by the Eligible Participant to which the Loan relates; and

the Board may, in its absolute discretion, agree to forgive a Loan made to an Eligible Participant.

SCHEDULE 3 – TERMS AND CONDITIONS OF CAPITAL RAISING OPTIONS

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.0008 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 30 June 2022 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within five Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the

Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



BY MAIL

UUV Aquabotix Ltd
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



ALL ENQUIRIES TO

Telephone: 1300 554 474

Overseas: +61 1300 554 474

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 above by **2:00pm (WST) on Wednesday, 27 May 2020**, 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:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).

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 Resolutions are 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:

- 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
- 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" must 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.

**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.**

NAME SURNAME
ADDRESS LINE 1
ADDRESS LINE 2
ADDRESS LINE 3
ADDRESS LINE 4
ADDRESS LINE 5
ADDRESS LINE 6



X99999999999

PROXY FORM

I/We being a member(s) of UUV Aquabotix Ltd 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 **2:00pm (WST) on Friday, 29 May 2020 at the Offices of Azalea Consulting Pty Ltd, Suite 5 CPC, 145 Stirling Highway, Nedlands WA 6009** (the Meeting) and at any postponement or adjournment of the Meeting.

Important for Resolutions 1, 4 & 8: 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 Resolutions 1, 4 & 8, even though the Resolutions are 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*		For	Against	Abstain*
1 Adoption of Remuneration Report	☐	☐	☐	9 Replacement of Constitution	☐	☐	☐
2 Re-election of Director – Admiral Jay M. Cohen	☐	☐	☐	10 Election of Director – George Vicino	☐	☐	☐
3 Approval of 7.1A Mandate	☐	☐	☐				
4 Adoption of Incentive Option Plans	☐	☐	☐				
5 Ratification of Prior Issue of Shares – Capital Raising	☐	☐	☐				
6 Approval to Issue Options – Capital Raising	☐	☐	☐				
7 Consolidation of Capital	☐	☐	☐				
8 Approval to Issue Shares in Lieu Of Salary	☐	☐	☐				



* 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)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

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).

UUV PRX2003D