

25 October 2021

Dear Shareholder,

ANNUAL GENERAL MEETING – NOTICE AND PROXY FORM

Notice is hereby given that the Annual General Meeting ('Meeting') of Shareholders of archTIS Limited ('Company') will be held as a virtual meeting through an online meeting platform at 12:30pm (AEDT) on Wednesday, 24 November 2021.

Pursuant to the Treasury Laws Amendment (2021 Measures No. 1) Act 2021, the Company has made the decision to not dispatch physical copies of the Notice of Meeting ('Notice'). Instead, a copy of the Notice is available on the Company's ASX Announcement Platform at www2.asx.com.au (ASX:AR9).

If you have elected to receive notices by email, a copy of your personalised proxy form will be emailed to you. If you have not elected to receive notices by email, a copy of your personalised proxy form will be posted to you, together with this letter for your convenience.

In light of the status of the evolving COVID-19 situation and Government restrictions on public gatherings in place at the date of this Notice of Meeting, the Directors have made a decision that Shareholders will not be able to physically attend the Meeting in person. Accordingly, the Directors strongly encourage all Shareholders to participate by:

(a) voting prior to the Meeting by lodging your proxy instructions by no later than 48 hours prior to the Meeting (by 12:30pm (AEDT) on Wednesday, 22 November 2021) either by:

- **voting online** at <https://investor.automic.com.au/#/loginsah>, or
- **lodging a proxy form** by:
 - post to: Automic, GPO Box 5193, Sydney, NSW, 2001; or
 - in person to: Automic, Level 5, 126 Phillip Street, Sydney, NSW, 2000; or
 - email to: meetings@automicgroup.com.au; or
 - any other means permitted on the proxy form; and/or

(b) lodging questions in advance of the Meeting by emailing the questions to Erlyn Dale, Company Secretary at erlyn@azc.com.au, by no later than 22 November 2021.

The Company will update shareholders if the changing COVID circumstances will impact planning or the arrangements for the Meeting by way of announcement on ASX and the details will also be made available on our website at www.archtis.com.

The Notice is important and should be read in its entirety. If you are in doubt as to the course of action you should follow, you should consult your financial adviser, lawyer, accountant, or other professional adviser.

If you have any difficulties obtaining a copy of the Notice, or for any other relevant information please contact the Company Secretary on +61 8 9389 3120 or erlyn@azc.com.au.

Authorised for release by the Board of archTIS Limited.

Yours sincerely,



Erlyn Dale
Company Secretary
archTIS Limited

ARCHTIS LIMITED
ACN 123 098 671
NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 12:30pm AEDT
DATE: 24 November 2021
PLACE: By Virtual Meeting Facility

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 7:00pm AEDT on 22 November 2021.

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 30 June 2021 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 30 June 2021".

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

A voting prohibition statement applies to this Resolution. Refer to page 4.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – DR MILES JAKEMAN AM

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 14.2 of the Constitution, Listing Rule 14.4 and for all other purposes, Dr Miles Jakeman AM, 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."

5. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF SHARES

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 303,030 Shares on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Refer to page 5.

6. RESOLUTION 5 – INCREASE IN TOTAL AGGREGATE REMUNERATION FOR NON-EXECUTIVE DIRECTORS

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

"That, for the purposes of clause 14.8 of the Constitution, Listing Rule 10.17 and for all other purposes, Shareholders approve an increase of the total aggregate amount of fees payable to non-executive Directors from \$250,000 per annum to \$500,000 per annum in accordance with the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement and voting prohibition statement applies to this. Refer to page 4 and 5.

7. RESOLUTION 6 – ADOPTION OF EMPLOYEE INCENTIVE PLAN

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 an employee incentive scheme titled "Employee Incentive Plan" and for the issue of up to 11,866,517 securities under that Plan, on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement and voting prohibition statement apply to this Resolution. Refer to page 4 and 5.

8. RESOLUTION 7 – ISSUE OF INCENTIVE PERFORMANCE RIGHTS TO DIRECTOR – MR DANIEL LAI

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

"That, subject to the passing of Resolution 6, for the purposes of Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 612,245 Incentive Performance Rights to Mr Daniel Lai (or his nominee) under the Employee Incentive Plan on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement and voting prohibition statement applies to this Resolution. Refer to page 4 and 5.

9. RESOLUTION 8 – ISSUE OF OPTIONS TO RELATED PARTY – DR MILES JAKEMAN AM

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

"That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 1,000,000 Related Party Options to Dr Miles Jakeman AM (or his nominee) on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement and voting prohibition statement applies to this Resolution. Refer to page 4 and 5.

10. RESOLUTION 9 – ISSUE OF OPTIONS TO RELATED PARTY – MS LEANNE GRAHAM

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

"That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 750,000 Related Party Options to Ms Leanne Graham (or her nominee) on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement and voting prohibition statement applies to this Resolution. Refer to page 5.

11. RESOLUTION 10 – CANCELLATION OF FORFEITED PARTLY PAID SHARES

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

"That, in accordance with section 258D of the Corporations Act, Listing Rule 7.26 and for all other purposes, approval is given for the Company to:

- (a) cancel 720,000 forfeited partly paid shares; and*
- (b) waive all outstanding amounts owing on those forfeited partly paid shares,*

on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement and voting prohibition statement applies to this Resolution. Refer to page 6.

Dated: 20 October 2021

By order of the Board



**Erlyn Dale
Joint Company Secretary**

Voting Prohibition Statements

Resolution 1 – Adoption of Remuneration Report	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.
Resolution 5 – Increase in Total Aggregate Remuneration for Non-Executive Directors Resolution 6 – Adoption of Incentive Option Plan Resolution 7 – Issue of Incentive Performance Rights to Director	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.
Resolution 8 – Issue of Options to Dr Miles Jakeman AM	In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (Resolution 8 Excluded Party). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 8 Excluded Party. In accordance with section 250BD of the Corporations Act, 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 (a) the appointment does not specify the way the proxy is to vote on this Resolution.

	Provided the Chair is not a Resolution 8 Excluded Party, 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.
Resolution 9 – Issue of Options to Ms Leanne Graham	In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (Resolution 9 Excluded Party). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 9 Excluded Party. In accordance with section 250BD of the Corporations Act, 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. Provided the Chair is not a Resolution 9 Excluded Party, 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.

Voting Exclusion Statements

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the resolution set out below by or on behalf of the following persons:

Resolution 4 – Ratification of prior issue of Shares	A person who participated in the issue or is a counterparty to the agreement being approved (namely recipients of the Employee Shares) or an associate of that person or those persons.
Resolution 5 – Increase in Total Aggregate Remuneration for Non-Executive Directors	A Director or an associate of that person or those persons.
Resolution 6 – Adoption of Employee Incentive Plan	A person who is eligible to participate in the employee incentive plan or an associate of that person or those persons.
Resolution 7 – Issue of Incentive Performance Rights to Director	Any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive plan (including Mr Daniel Lai under Resolution 7) or an associate of that person or those persons.
Resolutions 8 – Issue of Related Party Options to Related Party – Dr Miles Jakeman	Dr Miles Jakeman AM (or his nominee/s) and any other person who will obtain a material benefit as a result of the issue of the securities (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.

Resolution 9 – Issue of Related Party Options to Related Party – Leanne Graham	Ms Leanne Graham (or her nominee/s) and any other person who will obtain a material benefit as a result of the issue of the securities (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.
Resolution 10 – Cancellation of Forfeited Partly Paid Shares	Holders of the Partly Paid Shares the subject of Resolution 10 (or their respective nominees) and any other person who will obtain a material benefit as a result of the issue of the securities (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.

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 two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two (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:

- 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.

Voting in person

In light of the status of the evolving COVID-19 situation and Government restrictions on public gatherings in place at the date of this Notice of Meeting, the Directors have made a decision that Shareholders will not be able to physically attend the Meeting in person.

Accordingly, the Directors strongly encourage all Shareholders to either lodge a directed proxy form prior to the Meeting or attend and vote online at the Virtual Meeting.

Voting online via Virtual Meeting

In light of the evolving COVID-19 situation and Government restrictions on public gatherings in place at the time of this Notice of Meeting, the Company invites shareholders to attend and participate in a virtual Meeting through an online meeting platform powered by Automic (**Virtual Meeting**), where shareholders will be able to watch, listen, and vote online.

To access and vote at the Virtual Meeting:

1. Open your internet browser and go to investor.automic.com.au;
2. Login with your username and password or click "**register**" if you haven't already created an account. **Shareholders are encouraged to create an account prior to the start of the meeting to ensure there is no delay in attending the virtual meeting;**
3. After logging in, a banner will be displayed at the top once the meeting is open for registration, click on "**View**" when this appears;
4. Click on "**Register**" and follow the steps;
5. Click on the URL to join the webcast where you can view and listen to the virtual meeting;
6. Once the Chair of the Meeting has declared the poll open for voting click on "**Refresh**" to be taken to the voting screen;
7. Select your voting direction and click "**confirm**" to submit your vote. **Note that you cannot amend your vote after it has been submitted.**

Further information and support on how to use the Virtual Meeting platform is available on the Company's website.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9389 3125.

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.

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 30 June 2021 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 the Company's website.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

1.1 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.

1.2 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.

1.3 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.

2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – DR MILES JAKEMAN AM

2.1 General

Listing Rule 14.4 and clause 14.2 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.

Miles Jakeman, who has served as a Director since 13 February 2020 and was elected by Shareholders on 23 December 2020, retires by rotation and seeks re-election.

2.2 Qualifications and other material directorships

Dr Jakeman AM is a specialist in business strategy, leadership, high performance team development, and risk management. As a company director, former CEO and technology business founder, he brings deep domain expertise in these areas and has successfully guided companies across global markets to deliver outstanding year-on-year results. After 30 years of industry experience, with the last 20 years as a director, he has also built an excellent network in the government, enterprise, and healthcare sectors. Dr Jakeman AM co-founded and was the Managing Director of Australian software and technology success story, The Citadel Group Limited ("Citadel"). During his time as Managing Director, he grew Citadel from a start-up to an ASX-listed company with over 300 staff and a market capitalisation of more than \$400 million. The company was subsequently sold to Pacific Equity Partners for \$503 million.

Dr Jakeman AM has a Bachelor of Science (Hons), a Graduate Diploma in Asian Studies, a Doctor of Philosophy (PhD) in Asian Studies and a second PhD in Business Leadership. He is conversant in Bahasa Indonesia, Malay and Tok Pisin. Professionally, Miles is a Fellow of the Australia Institute of Company Directors (AICD) and has successfully completed both the AICD Diploma of International Company Directors and the Mastering and the Boardroom Advanced Diploma. Miles was appointed as a Member of the Order of Australia (AM) for significant service to business, national security, and to the community.

Dr Jakeman AM is currently a director of GetBusy plc (AIM:GetB), Fifth Domain Pty Ltd and The Shepherd Centre Charity.

2.3 Independence

Dr Jakeman AM has no interests, position or relationship that might influence, or reasonably be perceived to influence, in a material respect his/her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interest of the Company as a whole rather than in the interests of an individual security holder or other party.

According, if re-elected, the Board considers Dr Jakeman AM will be an independent Director.

2.4 Board recommendation

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

3. RESOLUTION 3 – APPROVAL OF 7.1A MANDATE

3.1 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.

As at the date of this Notice, the Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$78,279,570 (based on the number of Shares on issue and the closing price of Shares on the ASX on 6 October 2021).

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 additional 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.

3.2 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 expire 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 3.2(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) advancing the Company's existing operations;
- (ii) business development, promotion and marketing services;
- (iii) the acquisition of new resources, assets and investments (including expenses associated with such an acquisition);
- (iv) repayment of debt; and
- (v) 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 or proposed to be issued as at 7 October 2021.

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.

Number of Shares on Issue (Variable A in Listing Rule 7.1A.2)*		Shares issued – 10% voting dilution	Dilution		
			Issue Price		
			\$0.16	\$0.32	\$0.48
			50% decrease	Issue Price	50% increase
			Funds Raised		
Current	233,670,359 Shares	23,367,036 Shares	\$3,738,726	\$7,477,451	\$11,216,177
50% increase	350,505,539 Shares	35,050,554 Shares	\$5,608,089	\$11,216,177	\$16,824,266
100% increase	467,340,718 Shares	46,734,072 Shares	\$7,477,451	\$14,954,903	\$22,432,354

*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 233,670,359 Shares on issue.
2. The issue price set out above is the closing market price of the Shares on the ASX on 7 October 2021 (being \$0.32).
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. If the issue of Equity Securities includes quoted Options, it is assumed that those quoted Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
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 23 December 2020 (**Previous Approval**).

During the 12 month period preceding the date of the Meeting, the Company has not issued any Equity Securities pursuant to the Previous Approval.

3.3 **Voting Exclusion Statement**

As at the date of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A. Accordingly, a voting exclusion statement is not included in this Notice.

4. **RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF SHARES – LISTING RULE 7.1**

4.1 **Background**

As first announced on 29 October 2020, the Company entered into a binding term sheet (**Merger Agreement**) to acquire global information protection business, Nucleus Cyber Inc (**NCI**). NCI provides advanced information protection solutions that prevent data loss and protect against insider threats across the Microsoft

software suite. NCI is headquartered in Boston, Massachusetts, USA, with a development office in Melbourne, Australia. The company generates revenue from its high-margin annual subscription-based software platform.

Consideration for the acquisition of NCI consisted of both up front scrip consideration and also deferred scrip consideration upon reaching certain defined revenue and corporate milestones.

Completion of the acquisition of NCI was announced by the Company on 26 July 2021 and was affected by the issue of the last of the deferred consideration due under the terms of the acquisition.

As announced on 26 July 2021, in addition to the final deferred consideration shares, the Company also made cash payments totalling \$250,000 and issued 303,030 Shares to certain retained NCI employees in accordance with the terms of the Merger Agreement (**Employee Shares**).

The Employee Shares were issued on 26 July 2021 as a retention bonus to certain employees of NCI at a deemed issue price of \$0.33 per Employee Share (representing an aggregate value of \$100,000). The Employee Shares are subject to voluntary escrow for a period of 12 months from issue.

4.2 Listing Rule 7.1

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.

The issue of the Employee Securities did not and does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it is currently using up part of the Company's 15% limit in Listing Rule 7.1, 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 Employee Shares.

4.3 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 Employee Shares.

Resolution 4 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Employee Shares.

4.4 Technical information required by Listing Rule 14.1A

If Resolution 4 is passed, the Employee Shares will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, increasing the number of equity securities

the Company can issue without Shareholder approval over the 12-month period following the date of issue of the Employee Shares.

If Resolution 4 is not passed, the Employee Shares will continue to be included in calculating the Company's 15% limit in Listing Rule 7.1, 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 Employee 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.

4.5 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 4:

- (a) the Employee Shares were issued to certain retained employees of NCI as a retention bonus in accordance with the terms of the Merger Agreement;
- (b) in accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that none of the recipients were:
 - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
 - (ii) issued more than 1% of the issued capital of the Company;
- (c) 303,030 Employee Shares were issued and the Employee Shares issued 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;
- (d) the Employee Shares were issued on 26 July 2021;
- (e) the deemed issue price was \$0.33 per Employee Share. The Company has not and will not receive any other consideration for the issue of the Employee Shares as they were issued as a retention bonus to the recipients;
- (f) the purpose of the issue of the Employee Shares was to provide a retention bonus (to the aggregate value of \$100,000) to certain retained employees of NCI pursuant to the Merger Agreement; and
- (g) the Employee Shares were issued pursuant to the Merger Agreement. A summary of the material terms of the Merger Agreement, as announced on 29 October 2020 is set out in Schedule 1.

5. RESOLUTION 5 – INCREASE IN TOTAL AGGREGATE REMUNERATION FOR NON-EXECUTIVE DIRECTORS

5.1 General

Listing Rule 10.17 provides that an entity must not increase the total aggregate amount of directors' fees payable to all of its non-executive directors without the approval of holders of its ordinary securities.

Directors' fees include all fees payable by the entity or any of its child entities to a non-executive director for acting as a director of the entity or any of its child entities (including attending and participating in any board committee meetings), superannuation contributions for the benefit of a non-executive director and any fees which a non-executive director agrees to sacrifice for other benefits. It does not include reimbursement of genuine out of pocket expenses, genuine "special exertion" fees paid in accordance with an entity's constitution, or securities issued to a non-executive director under Listing Rules 10.11 or 10.14 with the approval of the holders of its ordinary securities.

Clauses 14.7 and 14.8 of the Constitution also provide that total aggregate remuneration payable to the non-executive Directors will not exceed the sum initially set by the Constitution and subsequently increased by ordinary resolution of Shareholders in a general meeting.

The maximum aggregate amount of fees payable to the non-executive Directors is currently set at \$250,000.

Resolution 5 seeks Shareholder approval for the purposes of clause 14.8 of the Constitution and Listing Rule 10.17 to increase the total aggregate amount of fees payable to non-executive Directors to \$500,000.

The maximum aggregate amount of fees proposed to be paid to non-executive Directors per annum has been determined after reviewing similar companies listed on ASX. The Directors believe that this level of remuneration is in line with corporate remuneration of similar companies, and will provide the Company with the capacity to grow the Board in the future, in line with the growing complexities of its business.

5.2 Technical information required by Listing Rule 10.17

If Resolution 5 is passed, the maximum aggregate amount of fees payable to the non-executive Directors will increase by \$250,000 to \$500,000. Whilst it is not envisaged that the maximum amount sought will be utilised immediately, the increase to maximum aggregate amount of fees payable may enable the Company to:

- (a) fairly remunerate both existing and any new non-executive directors joining the Board;
- (b) remunerate its non-executive Directors appropriately for the expectations placed upon them both by the Company and the regulatory environment in which it operates; and
- (c) have the ability to attract and retain non-executive directors whose skills and qualifications are appropriate for a company of the size and nature of the Company.

If Resolution 5 is not passed, the maximum aggregate amount of fees payable to non-executive Directors will remain at \$250,000. This may inhibit the ability of the Company to remunerate, attract and retain appropriately skilled non-executive directors.

In the past 3 years, the Company has not issued any securities to non-executive directors as remuneration under Listing Rules 10.11 or 10.14.

5.3 Board Recommendation

Given the interest of the non-executive Directors in this Resolution, the Board makes no recommendation to Shareholders regarding this Resolution.

6. RESOLUTION 6 – ADOPTION OF EMPLOYEE SECURITIES INCENTIVE PLAN

6.1 General

Resolution 6 seeks Shareholder approval for the adoption of the employee incentive scheme titled “Employee Incentive Plan” (**Plan**) and for the issue of securities under the Plan in accordance with Listing Rule 7.2 (Exception 13(b)).

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

6.2 Listing Rule 7.1 and Listing Rule 7.2 Exception 13(b)

As summarised in Section 4.2 above, and subject to a number of exceptions set out in Listing Rule 7.2, 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.

6.3 Technical Information

If Resolution 6 is passed, the Company will be able to issue securities under the Plan to eligible participants over a period of 3 years from the date of the Meeting.

The issue of any securities to eligible participants under the Plan (up to 11,866,517 securities) 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 securities under the Plan 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.

The Company notes it is seeking Shareholder approval under Listing Rule 10.14 for the issue of Performance Rights to Mr Daniel Lai pursuant to Resolution 7.

If Resolution 6 is not passed, the Company will be able to proceed with the issue of securities under the Plan to eligible participants, but any issues of securities 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 those securities.

6.4 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 6:

- (a) a summary of the key terms and conditions of the Plan is set out in Schedule 2;
- (b) the Company has not issued any securities under the Plan as this is the first time that Shareholder approval is being sought for the adoption of the Plan; and
- (c) the maximum number of securities proposed to be issued under the Plan in reliance on Listing Rule 7.2 (Exception 13(b)) is 11,866,517 (being 5% of the Company's current fully diluted issued capital) but will be no more than that number of securities that, when aggregated with offers made under ASIC relief in the previous three years, will not exceed 5% of the issued capital of the Company at the time of issue. It is not envisaged that the maximum number of securities for which approval is sought will be issued immediately.

7. RESOLUTION 7 – ISSUE OF INCENTIVE PERFORMANCE RIGHTS TO MR DANIEL LAI

7.1 Background

The Company has agreed, subject to obtaining Shareholder approval for the:

- (a) adoption of the Plan pursuant to Resolution 6; and
- (b) issue of Performance Rights,

to issue up to 612,245 Performance Rights to the Company's Managing Director and CEO Mr Daniel Lai (or his nominee) pursuant to the Plan and on the terms and conditions set out in Schedule 3 (**Incentive Performance Rights**).

7.2 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act requires that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and

(b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Incentive Performance Rights to Mr Lai (or his nominee) constitutes giving a financial benefit and Mr Lai is a related party of the Company by virtue of being a Director.

The Directors (other than Mr Lai) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Incentive Performance Rights, because the issue of the Incentive Performance Rights constitutes reasonable remuneration payable to Mr Lai.

7.3 Listing Rule 10.14

Listing Rule 10.14 provides that an entity must not permit any of the following persons to acquire equity securities under an employee incentive scheme without the approval of the holders of its ordinary securities:

10.14.1 a director of the entity;

10.14.2 an associate of a director of the entity; or

10.14.3 a person whose relationship with the entity or a person referred to in Listing Rules 10.14.1 to 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by security holders.

The issue of Incentive Performance Rights to Mr Lai falls within Listing Rule 10.14.1 and therefore requires the approval of Shareholders under Listing Rule 10.14.

Resolution 7 seeks the required Shareholder approval for the issue of the Incentive Performance Rights under and for the purposes of Listing Rule 10.14.

7.4 Technical information required by Listing Rule 14.1A

If Resolution 7 is passed, the Company will be able to proceed with the issue of the Incentive Performance Rights to Mr Lai under the Plan within three years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Incentive Performance Rights (because approval is being obtained under Listing Rule 10.14), the issue of the Incentive Performance Rights will not use up any of the Company's 15% annual placement capacity.

If Resolution 7 is not passed, the Company will not be able to proceed with the issue of the Incentive Performance Rights to Mr Lai under the Plan.

7.5 Technical information required by Listing Rule 10.15

Pursuant to and in accordance with the requirements of Listing Rule 10.15, the following information is provided in relation to Resolution 7:

(a) the Incentive Performance Rights will be issued to Mr Daniel Lai (or his nominee), who falls within the category set out in Listing Rule 10.14.1, by virtue of Mr Lai being a Director;

(b) the maximum number of Incentive Performance Rights to be issued to Mr Daniel Lai (or his nominee) is 612,245;

- (c) the current total remuneration package for Mr Daniel Lai is \$330,000, comprising of \$300,000 salary and a superannuation payment of \$30,000. Mr Lai is also entitled to a short-term cash incentive based on annual performance of up to \$120,000. If the short-term cash incentive is paid and the Incentive Performance Rights are issued, the total remuneration package of Mr Lai will increase by \$306,735 to \$636,735 (\$186,735 being the value of the Incentive Performance Rights, based on the Binomial methodology, as at 12 October, 2021);
- (d) The Company is seeking approval for the adoption of the Plan for the first time pursuant to Resolution 6, accordingly no Performance Rights have been previously issued under the Plan;
- (e) a summary of the material terms and conditions of the Incentive Performance Rights is set out in Schedule 3. The Incentive Performance Rights are to be issued to Mr Lai in three tranches, with the performance and retention milestones set out in Section 7.1 above;
- (f) a summary of the material terms and conditions of the Plan is set out in Schedule 2;
- (g) the Incentive Performance Rights are unlisted performance rights. The Company has chosen to grant the Incentive Performance Rights to Mr Lai for the following reasons:
 - (i) the Incentive Performance Rights have been designed to incentivise and focus the efforts of the Managing Director to achieve certain strategic objectives of the business;
 - (ii) the issue of Incentive Performance Rights to Mr Lai will further align the interests of Mr Lai with those of the Company's Shareholders;
 - (iii) the issue of the Incentive Performance Rights is a reasonable and appropriate method to provide additional cost-effective remuneration to Mr Lai as the non-cash form of this benefit will allow 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 Mr Lai;
 - (iv) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Incentive Performance Rights on the terms proposed;
- (h) the Company values the Incentive Performance Rights at \$186,735 based on the Binomial methodology as at 12 October 2021, which values each Incentive Performance Rights at the underlying AR9 Share price of \$0.305 on the date of valuation;
- (i) the Incentive Performance Rights will be issued to Mr Lai (or his nominee) no later than 3 years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Incentive Performance Rights will be issued on one date;
- (j) the issue price of the Incentive Performance Rights will be nil, as such no funds will be raised from the issue of the Incentive Performance Rights;

- (k) no loan is being made to Mr Lai in connection with the acquisition of the Incentive Performance Rights;
- (l) details of any Performance Rights issued under the Performance Rights Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14; and
- (m) any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of Performance Rights under the Performance Rights Plan after Resolution 7 is approved and who were not named in this Notice will not participate until approval is obtained under Listing Rule 10.14.

8. RESOLUTION 8 AND 9 – ISSUE OF OPTIONS TO RELATED PARTIES – DR MILES JAKEMAN AM AND MS LEANNE GRAHAM

8.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue an aggregate of 1,750,000 unlisted Options (**Related Party Options**) to Dr Miles Jakeman AM and Ms Leanne Graham, both Directors (or their respective nominee) (**Related Parties**) on the terms and conditions set out below.

Resolutions 8 and 9 seek Shareholder approval for the issue of the Options to the Related Parties.

It is intended that:

- (a) Dr Miles Jakeman AM is issued 1,000,000 Related Party Options (the subject of Resolution 8);
- (b) Ms Leanne Graham is issued 750,000 Related Party Options (the subject of Resolution 9);
- (c) the Related Party Options vest and become exercisable over a period of three years, as set out in Schedule 4; and
- (d) each of the Related Party Options will expire on 24 November 2025 and be exercisable at an exercise price of 145% of the Company's 5-day VWAP leading up to and including 23 November 2021.

8.2 Chapter 2E of the Corporations Act

A summary of Chapter 2E of the Corporations Act is set out in Section 7.2 above.

The issue of Related Party Options to the Related Parties constitutes giving a financial benefit and each of the Related Parties is a related party of the Company by virtue of being Directors.

As the Related Party Options are proposed to be issued to all of the Directors other than Mr Daniel Lai, the Directors are unable to form a quorum to consider whether one of the exceptions set out in sections 210 to 216 of the Corporations Act applies to the issue of the Options. Accordingly, Shareholder approval for the issue of Options to the Related Parties is sought in accordance with Chapter 2E of the Corporations Act.

8.3 Listing Rule 10.11

Similarly to Listing rule 10.14 (as summarised in Section 7.3), Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- 10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issue of the Related Party Options falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolutions 8 and 9 seek the required Shareholder approval for the issue of the Options under and for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.11.

8.4 Technical information required by Listing Rule 14.1A

If Resolutions 8 and 9 are passed, the Company will be able to proceed with the issue of the Related Party Options to the Related Parties within one (1) month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Options (because approval is being obtained under Listing Rule 10.11), the issue of the Options will not use up any of the Company's 15% annual placement capacity.

If Resolutions 8 and/or 9 are not passed, the Company will not be able to proceed with the issue of the Options and the Company may need to renegotiate with the Related Parties any further and appropriate incentivisation of the Related Parties to further align their interests with that of Shareholders. This may therefore involve the Company being required to spend a greater proportion of its cash reserves on remuneration of its Directors than it would if alternative non-cash forms of remuneration were given to the Related Parties.

8.5 Technical Information required by Listing Rule 10.13 and section 219 of the Corporations Act

Pursuant to and in accordance with Listing Rule 10.13 and section 219 of the Corporations Act, the following information is provided in relation to Resolutions 8 and 9:

- (a) the Related Party Options will be issued to the following persons:
 - (i) Dr Miles Jakeman AM (or his nominee) pursuant to Resolution 8; and
 - (ii) Ms Leanne Graham (or her nominee) pursuant to Resolution 9,each of whom falls within the category set out in Listing Rule 10.11.1 by virtue of being a Director;
- (b) the maximum number of Related Party Options to be issued to the Related Parties (being the nature of the financial benefit proposed to be given) is an aggregate of 1,750,000 comprising:
 - (i) 1,000,000 Related Party Options to Dr Miles Jakeman AM (or his nominee) pursuant to Resolution 8; and
 - (ii) 750,000 Related Party Options to Ms Leanne Graham (or her nominee) pursuant to Resolution 9;
- (c) the terms and conditions of the Related Party Options are set out in Schedule 4;
- (d) the Related Party Options will be issued no later than one (1) month 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 Options will occur on the same date;
- (e) the issue price of the Related Party Options will be nil. The Company will not receive any other consideration in respect of the issue of the Related Party Options (other than in respect of funds received on exercise of the Related Party Options);
- (f) the purpose of and reason for the issue of the Related Party Options is to provide a performance linked incentive component in the remuneration package for the Related Parties to align the interests of the Related Parties with those of Shareholders, to motivate and reward the performance of the Related Parties in their roles as Directors and to provide a cost effective way for the Company to remunerate the Related Parties, which will allow 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 the Related Parties;
- (g) the number of Related Party Options to be issued to each of the Related Parties has been determined based upon a consideration of:
 - (i) independent benchmarking of current market standards and/or practices of other ASX listed companies of a similar size and stage of development to the Company;
 - (ii) the remuneration of the Related Parties; and
 - (iii) incentives to attract and ensure continuity of service of the Related Parties who have appropriate knowledge and expertise, while maintaining the Company's cash reserves;

- (h) the Company does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Related Party Options upon the terms proposed;
- (i) the total remuneration package for each of the Related Parties for the previous financial year and the proposed total remuneration package for the current financial year are set out below:

Related Party	Current Financial Year (FY22)	Previous Financial Year (FY21)
Dr Miles Jakeman AM	\$130,670 ¹	\$87,531 ²
Ms Leanne Graham	\$89,256 ³	\$54,756 ⁴

Notes:

1. Comprising Directors' fees of \$75,000, a superannuation payment of \$7,500 and share-based payments of \$48,170 (including an increase of \$46,000, being a portion of the value of the Options that will be recognised and expensed by the Company in the current financial year).
2. Comprising Directors' fees of \$72,917, a superannuation payment of \$6,927 and share-based payments of \$7,687.
3. Comprising Directors' fees of \$54,756 and share-based payments of \$34,500 (being a portion of the value of the Options that will be recognised and expensed by the Company in the current financial year).
4. Comprising Directors' fees of \$54,756.

- (j) the value of the Related Party Options and the pricing methodology is set out in Schedule 5;
- (k) the Related Party Options are not being issued under an agreement;
- (l) the relevant interests of the Related Parties in securities of the Company as at the date of this Notice are set out below:

Related Party	Shares ¹	Options ²
Dr Miles Jakeman AM ¹	1,634,545	360,000
Ms Leanne Graham ²	753,636	Nil

Notes:

- 1 Fully paid ordinary shares in the capital of the Company (ASX:AR9).
- 2 Unquoted Options exercisable at \$0.20 each on or before 13 February 2023.

- (m) if the Related Party Options issued to the Related Parties are exercised, a total of 1,750,000 Shares would be issued. This will increase the number of Shares on issue from 233,670,359 (being the total number of Shares on issue as at the date of this Notice) to 235,420,359 (assuming that no Shares are issued and no convertible securities vest or are exercised) with the effect that the shareholding of existing Shareholders would be diluted by

an aggregate of 0.74%, comprising 0.43% by Dr Jakeman AM and 0.31% by Ms Graham;

- (n) The market price for Shares during the term of the Related Party Options would normally determine whether or not the Related Party Options are exercised. If, at any time any of the Related Party Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Related Party Options, there may be a perceived cost to the Company.
- (o) the trading history of the Company's Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	\$0.470	21 October 2020
Lowest	0.225	13 May 2021
Last	0.315	19 October 2021

- (p) Mr Daniel Lai recommends that Shareholders vote in favour of Resolutions 8 and 9 for the reasons set out in Sections 8.5(f) and 8.5(g). In forming this recommendation, Mr Lai considered the experience of the Related Parties, the current market price of Shares, the current market standards and practices when determining the number of Options to be issued to each of the Related Parties, as well as the exercise price and expiry date of those Options;
- (q) each Director (other than Mr Daniel Lai) has a material personal interest in the outcome of Resolutions 8 and 9 on the basis that the Directors (other than Mr Lai) (or their respective nominees) are to be issued Related Party Options on the same terms and conditions should Resolutions 8 and/or 9 be passed. For this reason, the Directors (other than Mr Lai) do not believe that it is appropriate to make a recommendation on Resolutions 8 and 9 of this Notice; and
- (r) the Board is not aware of any other information that is reasonably required by Shareholders to allow them to decide whether it is in the best interests of the Company to pass Resolutions 8 and/or 9.

9. RESOLUTION 10 – CANCELLATION OF FORFEITED PARTLY PAID SHARES

9.1 Background

The Directors are seeking Shareholder approval to cancel an aggregate of 720,000 forfeited partly paid shares in the Company (**Partly Paid Shares**) held by:

- (a) Guy Peterson (240,000 Partly Paid Shares);
- (b) Martin Tucek (240,000 Partly Paid Shares); and
- (c) Debbie Tucek (240,000 Partly Paid Shares).

For the purpose of this Resolution 10, each of Guy Peterson, Martin Tucek and Debbie Tucek are collectively referred to as the **Holders**.

The Partly Paid Shares were issued pursuant to "shareholder entry deeds" entered into between the Company and each of the Holders in late 2015.

As set out in the Company's original IPO Prospectus dated 1 August 2018 (**IPO Prospectus**), on 5 July 2018, the Company made a call to each of the Holders for payment of the full amount outstanding on the Partly Paid Shares (**Initial Payment Call**). The Payment Call was not satisfied, and the intention was that the Partly Paid Shares were then forfeited by the Holders, and that the Company would then take steps to seek Shareholder approval for their cancellation when possible.

9.2 Corporations Act and Constitution

Section 258D of the Corporations Act allows for forfeited shares to be cancelled by resolution at a general meeting.

Clause 7.2 of the Company's current Constitution provides that Shares may be forfeited by a resolution of the Directors. Clause 7.8 of the Constitution provides that the Directors may waive or compromise all or part of any payment due to the Company in relation to a forfeiture of Shares. In accordance with clause 7 of the Constitution, the Directors have resolved to forfeit the Partly Paid Shares and waive all payment due to the Company in relation to the Partly Paid Shares.

Pursuant to this Resolution, the Directors seek Shareholder approval to now cancel the forfeited Partly Paid Shares and waive the outstanding payments on those Partly Paid Shares.

9.3 Technical information required by Listing Rule 7.26

The following information is included for the purpose of ASX Listing Rule 7.26:

- (a) 720,000 Partly Paid Shares are to be cancelled. The Partly Paid Shares were issued prior to the Company's IPO, and as set out in the Company's IPO Prospectus, the Company had made a call and intended to cancel the Partly Paid Shares after listing on ASX;
- (b) the Partly Paid Shares were issued at \$0.33 per Partly Paid Share and no amount had been paid on those Partly Paid Shares, as such the total outstanding on the Partly Paid Shares is \$0.33 per Partly Paid Share, totalling \$237,600;
- (c) as set out in the Company's IPO Prospectus, the Company intends to waive the debt owing on these Partly Paid Shares under Resolution 10.

9.4 Board Recommendation

The Directors recommend that Shareholders vote in favour of the Resolution to finalise cancellation of the forfeited Partly Paid Shares (and waive the amount owing on those Partly Paid Shares).

GLOSSARY

\$ means Australian dollars.

7.1A Mandate has the meaning given in Section 3.1.

AEDT means Australian Eastern Daylight Time.

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 archTIS Limited (ACN 123 098 671).

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

Employee Shares has the meaning ascribed to that term in Section 4.1.

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.

Holders has the meaning ascribed to that term in Section 9.1.

Incentive Performance Rights means the performance rights to be issued under the Plan to the Company's Managing Director and CEO, Mr Daniel Lai pursuant to Resolution 7, the terms and conditions of which are summarised in Schedule 3.

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.

Managing Director means the managing director of the Company who may, in accordance with the Listing Rules, continue to hold office indefinitely without being re-elected to the office.

Merger Agreement means the agreement between the Company and the shareholders of NCI, pursuant to which the Company agreed to acquire a 100% interest in NCI. A summary of the Merger Agreement is set out in Schedule 1.

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.

Plan means the employee incentive scheme titled "Employee Incentive Plan", the adoption of which is the subject of Resolution 6, and the terms and conditions of which is summarised in Schedule 2.

Proxy Form means the proxy form accompanying the Notice.

Related Party Options means the Options to be issued to the Related Parties (Dr Miles Jakeman and Ms Leanne Graham) pursuant to Resolutions 8 and 9, the terms and conditions of which are summarised in Schedule 4.

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 30 June 2021.

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 – TERMS AND CONDITIONS OF MERGER AGREEMENT

As announced on 29 October 2020, the material terms and conditions of the Merger Agreement are as follows.

Binding Term Sheet	(a) Binding Term Sheet requires the parties to negotiate in good faith to execute full-form binding transaction documentation within 30 days of the date of the Term Sheet (b) archTIS has been granted exclusivity under the Term Sheet
Consideration	Initial Consideration (a) A\$6.25m initial consideration payable in archTIS shares (subject to standard closing adjustments) (b) Number of shares to be issued will be determined by reference to the volume weighted average price (VWAP) of archTIS shares on the 30 trading days immediately prior to execution of the binding transaction documentation (c) Consideration will be subject to standard closing adjustments for working capital Deferred Consideration (a) Up to A\$3.5m of deferred consideration payable in archTIS shares linked to the extent to which Nucleus Cyber achieves defined revenue and commercial milestones, including an ARR of A\$1m by 30 June 2021
Escrow	(a) Shares issued to Kurt Mueffelman shall be escrowed for periods of between 12 months and 24 months from the date of issue (b) Shares issued to other Vendors shall be escrowed for a period of 12 months from issue
Anticipated completion	(a) Binding transaction documents expected to be signed within 30 days, with transaction closing targeted before the end of calendar 2020 (b) Issuance of vendor consideration shares will be subject to shareholder approval, to be obtained at the archTIS AGM (timing to be confirmed but expected to be held in late November or early December)

SCHEDULE 2 – MATERIAL TERMS AND CONDITIONS OF THE EMPLOYEE INCENTIVE PLAN

Eligibility	Employees of the Company are eligible to participate in the Employee Incentive Plan (Plan) if they are: (a) an "eligible participant" in relation to the Company or an "associated body corporate" (as those terms are defined in the Class Order), where that person is located in Australia; (b) a US resident who is entitled to receive securities without registration pursuant to the exemption under Rule 701 of the US Securities Act of 1933; (c) any person who is a bona fide employee (including executive directors) of any member of the Company (or any subsidiary) (together, the Group), where that person is a UK resident; or (d) a person who has been determined or selected by the Board to be eligible to participate in the Plan from time to time, (Eligible Person).
Plan Securities	Securities that may be issued under the Plan are options, performance rights, restricted stock units, or such other securities convertible into the capital of the Company and of a similar substance to an option, performance right or restricted stock unit, which the Board approves for issue under the Plan (Plan Securities).
Operation of Plan	The Plan is administered by the Board. The Board may from time to time offer an Eligible Person participation in the Plan and provide details of any conditions of vesting (Vesting Conditions). After accepting that offer by completing the Application Form, the Company may grant the Plan Securities to the Eligible Person, resulting in the Eligible Person becoming a Plan Participant (Plan Participant).
Vesting Conditions	Vesting Conditions required to be satisfied before a Participant can exercise a Plan Security are to be determined by the Board and notified to the Eligible Person in the notice of offer.
Rank of Shares	Shares (issued on exercise or conversion of a Plan Security) rank equally with all existing Shares on and from the date on which the Board issues the Share to the Eligible Employee (Date of Issue) in respect of all rights issues, bonus share issues and dividends which have a record date for determining entitlements on or after the Date of Issue.
Lapse of Plan Securities	A Plan Security lapses on the earliest of: (a) the date of exercise or conversion; (b) a change of control event occurring; (c) five years from the date of grant or any earlier date determined by the Board and set out in the offer; (d) the date the Board determines that the Plan Security should lapse because the Plan Participant (in the Board's opinion):

		(i) is a bad leaver; (ii) has breached a material obligation under the Plan or any other Group equity participation arrangement; (iii) has breached any restraint of trade or obligation of confidence binding on the Plan Participant in favour of a Group company; or (iv) has done any act which brings a Group company into disrepute; (e) if the Plan Participant ceases to be an Eligible Person in circumstances where the Plan Participant is a good leaver, 180 days after the date the Plan Participant ceases to be employed or engaged by a member of the Group.
Loans		The Board may, from time to time in its absolute discretion, offer Plan Participants (except a Participant who is a US resident) a loan for the purposes of paying the exercise price of any Plan Securities capable of exercise. The offer of such loan will be subject to compliance with the laws of the relevant jurisdiction in which the Plan Participant resides.
Restriction on Dealings	on	Plan Securities held by a Plan Participant are personal to the Plan Participant and may not be exercised by any other person without the consent of the Board (unless the dealing relates to a reorganisation or change in control of the Company).
Amendment		The Board may at any time amend the terms of the Plan, or waive or modify the application of the terms in relation to any Plan Participant, provided that: (a) to the extent that any amendment would trigger the requirement for Shareholder approval under the Corporations Act or the Listing Rules, the Company will use reasonable endeavours to obtain that Shareholder approval as promptly as possible, and the exercise of the discretion or other amendments will be conditional upon shareholder approval being obtained; and (b) if a proposed amendment to the Plan would adversely affect the rights of Plan Participants in respect of any Plan Securities and/or Plan Shares then held by them, the Board must obtain the consent of Plan Participants holding not less than 75% of the Plan Securities and/or Plan Shares (as the case may be) affected adversely by the proposed amendment (except in relation to compliance with law or the Listing Rules, correcting a mistake or addressing tax consequences for the Company).

SCHEDULE 3 – MATERIAL TERMS AND CONDITIONS OF INCENTIVE PERFORMANCE RIGHTS

(a) The terms and conditions of the Incentive Performance Rights that are proposed to be issued to Mr Daniel Lai pursuant to Resolution 7 are as follows:

(b) **Milestone and Expiry Dates**

The Incentive Performance Rights are to be issued in three (3) tranches as follows:

	Number	Performance Condition
Tranche 1	244,898	The Company achieving consolidated group revenue for the financial year ended 30 June 2022 of AU\$8,498,185 or more, as determined by the Board in its sole discretion on or before 30 September 2022, as verified by reference to the Company's FY2022 audited annual financial statements.
Tranche 2	244,898	The Company achieving annual recurring revenue for the financial year ended 30 June 2022 of AU\$7,383,344 or more, as determined by the Board in its sole discretion on or before 30 September 2022, as verified by reference to the Company's FY2022 audited annual financial statements.
Tranche 3	122,449	The Company's operating expenses remaining below 173% of revenue for the financial year ended 30 June 2022, as determined by the Board in its sole discretion on or before 30 September 2022, as verified by reference to the Company's FY2022 audited annual financial statements.

In addition to the Performance Conditions set out above, Mr Lai must remain an 'Eligible Participant' under the Plan for the Incentive Performance Rights to vest. Vesting will occur as follows (subject to satisfaction of the Performance Conditions):

(a) 50% on 15 December 2022; and

(b) 50% on 15 June 2023,

(Retention Conditions).

Where less than 100%, but more than 75% of each of the Performance Conditions is met, a pro rata proportion of the Incentive Performance Rights will become eligible for vesting, subject to the satisfaction of the Retention Conditions above. The remaining Incentive Performance Rights will lapse immediately.

The Incentive Performance Rights will expire on the date falling 2 years after the date of their grant **(Expiry Date)**.

Independent Verification

Subject to the achievement of a Performance Condition and Retention Condition, an Incentive Performance Right will only be able to be converted into

a Share after the Company's auditor verifies the achievement of the Performance Condition.

(c) **Notification to holder**

The Company shall notify the holder in writing when the relevant Performance Condition has been satisfied.

(d) **Conversion**

Subject to paragraph (q), upon satisfaction of the applicable Performance Condition, and if Mr Lai remains an 'Eligible Participant' under the Plan, each Incentive Performance Right will, at the election of Mr Lai (by notice to the Company in writing), convert into one Share.

(e) **Conversion on change of control**

Subject to paragraph (q) below and notwithstanding the relevant Milestone has not been satisfied, upon the occurrence of either:

- (i) a takeover bid under Chapter 6 of the Corporations Act 2001 (Cth) having been made in respect of the Company having received acceptances for more than 50% of the Company's Shares on issue and being declared unconditional by the bidder; or
- (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

the Incentive Performance Right shall automatically convert into Shares, provided that if the number of Shares that would be issued upon such conversion is greater than 10% of the Company's Shares on issue as at the date of conversion, then that number of Incentive Performance Right that is equal to 10% of the Company's Shares on issue as at the date of conversion under this paragraph will automatically convert into an equivalent number of Shares. The conversion will be completed on a pro rata basis across each class of Incentive Performance Rights then on issue. Incentive Performance Rights that are not converted into Shares under this paragraph will continue to be held on the same terms and conditions.

(f) **Lapse of an Incentive Performance Right**

Any Incentive Performance Right that has not been converted into a Share prior to the Expiry Date specified in paragraph (a) will automatically lapse. For the avoidance of doubt, an Incentive Performance Right will not lapse in the event a relevant Performance Hurdle is met before the Expiry Date and the Shares the subject of a conversion are deferred in accordance with paragraph (q) below.

(g) **Fraudulent or dishonest action**

If Mr Lai ceases to be an employee or Director of the Company in circumstances where the cessation or termination is specifically referenced to him having been found to have acted fraudulently or dishonestly in the performance of his or her duties, then:

- (i) the Board must deem any Incentive Performance Right of the holder to have immediately lapsed and be forfeited; and

- (ii) any Incentive Performance Right that have vested will continue in existence in accordance with their terms of issue only if the relevant Performance Condition has previously been met, and any Shares issued on satisfaction of the applicable Performance Condition will remain the property of Mr Lai.

(h) **Ceasing to be an employee or Director**

If Mr Lai ceases to be an employee or Director of the Company in circumstances where the cessation or termination arises because he:

- (i) voluntarily resigns his position (other than to take up employment with a subsidiary of the Company);
- (ii) wilfully breaches the terms of his engagement with the Company or any policy of the Company's published policies regulating his behaviour;
- (iii) is convicted of a criminal offence which, in the reasonable opinion of the Company, might tend to injure the reputation or the business of the Company; or
- (iv) is found guilty of a breach of the Corporations Act and the Board considers that it brings Mr Lai or the Company into disrepute,

then:

- (v) unless the Board decides otherwise in its absolute discretion, will deem any Incentive Performance Rights of the holder to have immediately lapsed and be forfeited; and
- (vi) any Incentive Performance Rights that have vested will continue in existence in accordance with their terms of issue only if the relevant Performance Condition has previously been met and any Shares issued on satisfaction of the applicable Performance Condition will remain the property of Mr Lai.

(i) **Other circumstances**

The Incentive Performance Rights will not lapse and be forfeited where Mr Lai ceases to be an employee or Director of the Company for one of the following reasons:

- (i) death or total permanent disability (in respect of total permanent disability being that because of a sickness or injury, Mr Lai is unable to work in his own or any occupation for which they are suited by training, education, or experience for a period beyond one year);
- (ii) redundancy (being where Mr Lai ceases to be an employee or Director due to the Company no longer requiring his position to be performed by any person); or
- (iii) any other reason, other than a reason listed in paragraph (g) and (h) (not including (g)(i), in which case the Board may exercise its absolute discretion to allow Mr Lai to retain their Incentive Performance Rights), that the Board determines is reasonable to permit Mr Lai to retain his Incentive Performance Rights,

and in those circumstances the Incentive Performance Rights will continue to be subject to the applicable Performance Condition.

(j) **Share ranking**

All Shares issued upon the conversion of Incentive Performance Rights will upon issue rank pari passu in all respects with existing Shares.

(k) **Application to ASX**

The Incentive Performance Rights will not be quoted on ASX.

(l) **Timing of issue of Shares on Conversion**

Within 10 Business Days after the date that the Company receives notice in accordance with paragraph (d), the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Incentive Performance Rights converted;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; 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 conversion of the Incentive Performance Rights.

If a notice delivered under (k)(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.

(m) **Transfer of Incentive Performance Rights**

The Incentive Performance Rights are not transferable.

(n) **Participation in new issues**

An Incentive Performance Right does not entitle Mr Lai (in their capacity as a holder of Incentive Performance Rights) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

(o) **Reorganisation of capital**

If at any time the issued capital of the Company is reconstructed, all of Mr Lai's rights as a holder of Incentive Performance Rights will be changed in a manner consistent with the applicable ASX Listing Rules and the Corporations Act at the time of reorganisation.

(p) **Dividend and Voting Rights**

The Incentive Performance Rights do not confer an entitlement to vote on any resolutions proposed by the Company (except as otherwise required by law) or receive dividends.

(q) **Deferral of conversion if resulting in a prohibited acquisition of Shares**

If the conversion of an Incentive Performance Right would result in any person being in contravention of section 606(1) of the *Corporations Act 2001* (Cth) (**General Prohibition**) then the conversion of that Performance Right shall be deferred until such later time or times that the conversion would not result in a contravention of the General Prohibition. In assessing whether a conversion of a Incentive Performance Right would result in a contravention of the General Prohibition:

- (i) holders may give written notification to the Company if they consider that the conversion of an Incentive Performance Right may result in the contravention of the General Prohibition. The absence of such written notification from Mr Lai will entitle the Company to assume the conversion of an Incentive Performance Right will not result in any person being in contravention of the General Prohibition;
- (ii) the Company may (but is not obliged to) by written notice to Mr Lai request a holder to provide the written notice referred to in paragraph (p)(i) within seven (7) days if the Company considers that the conversion of an Incentive Performance Right may result in a contravention of the General Prohibition. The absence of such written notification from Mr Lai will entitle the Company to assume the conversion of an Incentive Performance Right will not result in any person being in contravention of the General Prohibition.

(r) **No rights to return of capital**

An Incentive Performance Right does not entitle Mr Lai to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

(s) **Rights on winding up**

An Incentive Performance Right does not entitle the holder to participate in the surplus profits or assets of the Company upon winding up.

(t) **Tax Deferral**

For the avoidance of doubt, Subdivision 83A-C of the Income Tax Assessment Act 1997, which enables tax deferral on performance rights, applies (subject to the conditions in that Act) to the Incentive Performance Rights.

(u) **No other rights**

An Incentive Performance Right gives Mr Lai no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

(v) **ASX Listing Rule compliance**

The Board reserves the right to amend any term of the Incentive Performance Rights to ensure compliance with the ASX Listing Rules.

SCHEDULE 4 – TERMS AND CONDITIONS OF RELATED PARTY OPTIONS

The terms and conditions of the Related Party Options that are proposed to be issued to the Related Parties pursuant to Resolutions 8 and 9 are as follows:

1. **Entitlement**

- 1.1 Each Option entitles the holder (Holder) to subscribe for one fully paid ordinary share (Share) in archTIS Limited (Company) upon exercise.
- 1.2 The Holder may be a director of the Company or his or her nominee.

2. **Exercise Price and Expiry Date**

Each Option has an exercise price of 145% of the 5-day VWAP leading up to and including 23 November 2021 (**Exercise Price**) and expires on 24 November 2025 (**Expiry Date**).

3. **Vesting Conditions**

- 3.1 The Options shall vest over a period of three years, as follows:
- (a) One third of the Options granted to the Holder shall vest and become exercisable on 24 November 2022 (being the date that is 12 months from the date of the 2021 Annual General Meeting), subject to the Holder remaining engaged by the Company as a director on the date of vesting; and
 - (b) The second third of the Options granted to the Holder shall vest and become exercisable on 24 November 2023 (being the date that is 24 months from the date of the 2021 Annual General Meeting), subject to the Holder remaining engaged by the Company as a director on the date of vesting; and
 - (c) Thereafter, the remaining options will vest and become exercisable on 24 November 2024 (being the date that is 36 months from the date of the 2021 Annual General Meeting), and subject to the Holder remaining engaged by the Company as a director on the date of vesting.
- 3.2 If the Holder ceases to be a director of the Company, the treatment of the Options will be as follows:
- (a) Vested Options must be exercised within 6 months from the date of cessation of employment, or they will lapse;
 - (b) Unvested Options will lapse immediately at the date of cessation of employment.

4. **Exercise Period**

Each Option is exercisable at any time on and from the satisfaction of the vesting conditions set out in clause 3 above until the Expiry Date (**Exercise Period**).

5. **Notice of Exercise**

The Options may be exercised by notice in writing to the Company (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised. Any

Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

6. Cashless exercise

6.1 On exercise of the Options, the Board may determine, in its sole discretion, to permit the Holder to exercise the Options by way of Cashless Exercise.

6.2 If the Options are exercised by Cashless Exercise, on exercise of the Options:

- (a) the Holder will not be required to pay the Exercise Price for the Options in cleared funds; and
- (b) the Company will only issue or transfer that number of Shares to the Holder that have a value equal to the then total market value of the Shares that would have been issued or transferred to the Holder if the Options had been exercised other than by way of Cashless Exercise, less the total amount of the Exercise Price that would otherwise have been payable on exercise of the Options (with the number of Shares rounded down).

7. Shares issued on exercise

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

8. Quotation of Shares on exercise

Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Options.

9. Timing of issue of Shares and quotation of Shares on exercise

Within 5 Business Days after the later of the following:

9.1 receipt of a notice of exercise given in accordance with these terms and conditions and payment of the exercise price for each Option being exercised by the Company if the Company is not in possession of excluded information (as defined in section 708A(7) of the Corporations Act); and

9.2 the date the Company ceases to be in possession of excluded information in respect to the Company (if any) following the receipt of the notice of exercise and payment of the exercise price for each Option being exercised by the Company,

the Company will:

- (a) allot and issue the Shares pursuant to the exercise of the Options;
- (b) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act or lodge a prospectus with ASIC that qualifies the Shares for resale under section 708A(11) of the Corporations Act; and
- (c) 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.

10. **Participation in new issues**

10.1 There are no participation rights or entitlements inherent in the Options and Holder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.

10.2 However, the Company will use reasonable endeavours to ensure that for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give the Holder the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

11. **Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

(a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Holder would have received if the Holder of Options had exercised the Option before the record date for the bonus issue; and

(b) no change will be made to the Exercise Price.

12. **Adjustment for rights issue**

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E[P-(S+D)]}{N+1}$$

O = the old Exercise Price of the Option.

E = the number of underlying Shares into which one Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one new share.

13. **Adjustments for reorganisation**

If there is any reconstruction of the issued share capital of the Company, the rights of the Holder may be varied to comply the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction.

14. **change of control**

The Options automatically vest and may be exercised by the Holder at any time after a Change in Control Event occurs.

15. **Quotation of Options**

No application for quotation of the Options will be made by the Company.

16. **Options Transferable**

Subject to compliance with the Corporations Act, the Options are only transferrable to a Related Party of the Holder with the Company's written approval.

17. **Lodgement Instructions**

Cheques shall be in Australian currency made payable to the Company and crossed 'Not Negotiable'. The application for Shares on exercise of the Options with the appropriate remittance should be lodged at the Company's Registry.

18. **Definitions:**

In these terms and conditions:

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

Board means the board of Directors.

Business Day means the day on which banks are open for general business in Melbourne, Victoria, excluding Saturdays and Sundays.

Cashless Exercise means the Holder exercising Options without making any cash payment.

Change in Control Event means:

- (a) a change in Control (as defined in the Corporations Act) of the Company;
- (b) where members of the Company approve any compromise or arrangement for the purpose of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other body corporate or bodies corporate (other than a scheme that does not involve a change in the ultimate beneficial ownership of the Company), which will, upon becoming effective, result in any person (either alone or together with its associates) owning 50% or more of the Shares of the Company;
- (c) where a Takeover Bid is made to acquire 50% or more of the Shares (or such lesser number of Shares that when combined with the Shares that the bidder (together with its associates) already owns will amount to 50% or more of the Shares of the Company) and the Takeover Bid becomes unconditional and the bidder (together with its associates) has a relevant interest in 50% or more of the Shares of the Company;

- (d) where a person (either alone or together with its associates) becomes the legal or the beneficial owner of, or acquires a relevant interest in, 50% or more of the Shares of the Company;
- (e) where a person (either alone or together with its associates) becomes entitled to acquire or acquires an equitable interest in 50% or more of the Shares of the Company; or
- (f) a resolution is passed for the voluntary winding-up of the Company.

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

Listing Rules means the listing rules of ASX.

Option means an option which entitles the holder to subscribe for a Share.

Related Party has the same meaning as in the Listing Rules.

Shareholder means a shareholder of the Company.

Takeover Bid has the meaning given to that term in section 9 of the Corporations Act.

SCHEDULE 5 – VALUATION OF RELATED PARTY OPTIONS

The Related Party Options to be issued to each of Dr Miles Jakeman and Leanne Graham pursuant to Resolutions 8 and 9 have been valued by internal management.

Using the Binomial option pricing model and based on the assumptions set out below, the Options were ascribed the following value range:

Assumptions:			
Valuation date	12 October 2021		
5-day VWAP of Shares	\$0.3236 cents		
Exercise price (145% of the 5-day VWAP)	\$0.4692 cents		
Expiry date (length of time from issue)	24 November 2025		
Risk free interest rate	0.5%		
Volatility	50%	75%	100%
Indicative value per Related Party Option	\$0.0827 cents	\$0.1380 cents	\$0.1914 cents
Total Value of Options	\$144,725	\$241,500	\$334,950
- Dr Miles Jakeman, AM (Resolution 8)	\$82,700	\$138,000	\$191,400
- Ms Leanne Graham (Resolution 9)	\$62,025	\$103,500	\$143,550

Note: The valuation ranges noted above are not necessarily the market prices that the Options could be traded at and they are not automatically the market prices for taxation purposes.

Proxy Voting Form

If you are attending the virtual Meeting please retain this Proxy Voting Form for online Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by **12:30pm (AEDT) on Monday 22 November 2021**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

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

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking 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 SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

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

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

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at

<https://investor.automic.com.au/#/login>

or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



BY MAIL:

Automic
GPO Box 5193
Sydney NSW 2001

IN PERSON:

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL:

meetings@automicgroup.com.au

BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

PHONE: 1300 288 664 (Within Australia)

+61 2 9698 5414
(Overseas)

