



SKYFII LIMITED

ACN 009 264 699

NOTICE OF 2017 ANNUAL GENERAL MEETING

TIME: 10.30am (AEDT)

DATE: Tuesday, 21 November 2017

VENUE: Level 40, 2 Park St, SYDNEY NSW 2000

THIS IS AN IMPORTANT DOCUMENT - If you are in any doubt as to how to act, you should consult your financial or legal adviser as soon as possible.

1 Notice of Annual General Meeting

This Notice of Meeting should be read in conjunction with the accompanying Explanatory Memorandum.

Notice is given that the 2017 Annual General Meeting of the shareholders of Skyfii Limited to which this Notice relates will be held at 10.30am (AEDT) on Tuesday, 21 November 2017 at Level 40, 2 Park St, SYDNEY NSW 2000.

1.1 Voting Eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the 2017 Annual General Meeting are those that are registered shareholders at 7.00pm (AEDT) on Sunday 19 November 2017.

1.2 Voting In Person

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

1.3 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, members are advised that:

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

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2012 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Annual General Meeting. Broadly, the changes mean that:

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

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- (c) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- (d) if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- (e) if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- (f) if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to Chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- (g) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- (h) the appointed proxy is not the Chair of the meeting; and
- (i) at the meeting, a poll is duly demanded on the resolution; and
- (j) either of the following applies:
 - (i) the proxy is not recorded as attending the meeting;
 - (ii) the proxy does not vote on the resolution,

the Chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

Agenda

1 Remuneration Report

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

“That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as set out in the Company's Annual Financial Report for the financial year ended 30 June 2017.”

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

Voting Exclusion Statement:

In accordance with the Corporations Act, the Company will disregard any votes cast on this resolution by Key Management Personnel and any Closely Related Party of any Key Management Personnel as those terms are defined in section 9 of the Corporations Act. However, the Company need not disregard a vote if:

- (a) it is cast by a person who is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (b) it is cast by the Chair of the meeting and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on the resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the company.

2 Re-election of a Director – Mr Andrew Johnson

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

“That, for the purposes of the Company's Constitution and for all other purposes, Mr Andrew Johnson, who retires in accordance with the Company's Constitution, and being eligible, is re-elected as a Director.”

3 Approval of Issue of Shares to a Director – Mr James Scott

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

“That, in accordance with the Company's Constitution, Listing Rule 10.11 and for all other purposes, the Company approves the issue of up to \$50,000 in shares to or as directed by Mr James Scott, a Director of the Company, such shares to be issued on the terms contained in the Explanatory Statement.

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 3 (Issue of Shares to a Director) by Mr Scott, or his nominee, and by an associate of Mr Scott, or his nominee, excluded from voting as provided for in Australian Securities Exchange Listing Rule 14.11.

However, the Company need not disregard a vote if:

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

4 Approval of Issue of Shares to a Director – Mr Andrew Johnson

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

“That, in accordance with the Company's Constitution, Listing Rule 10.11 and for all other purposes, the Company approves the issue of up to \$50,000 in shares to or as directed by Mr Andrew Johnson, a Director of the Company, such shares to be issued on the terms contained in the Explanatory Statement.

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 4 (Issue of Shares to a Director) by Mr Johnson, or his nominee, and by an associate of Mr Johnson, or his nominee, excluded from voting as provided for in Australian Securities Exchange Listing Rule 14.11.

However, the Company need not disregard a vote if:

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

Explanatory Memorandum

This Explanatory Memorandum has been prepared for the information of shareholders in connection with the Annual General Meeting of shareholders to be held at 10.30am (AEDT) on Tuesday, 21 November 2017 at Level 40, 2 Park St SYDNEY NSW 2000.

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. Such a resolution is advisory only and does not bind the Directors or the Company.

Under the Corporations Act, if at least 25% of the votes cast on this resolution are voted against adoption of the Remuneration Report at the 2017 Annual General Meeting, and then again at the Company's 2018 Annual General Meeting, the Company will be required to put to shareholders a resolution proposing the calling of a general meeting to consider the appointment of Directors of the Company (**Spill Resolution**).

If more than 50% of shareholders vote in favour of the Spill Resolution, the Company must convene the general meeting (**Spill Meeting**) within 90 days of the Company's 2018 Annual General Meeting. All of the Directors who were in office when the Company's 2018 Directors' Report 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 is approved will be 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 the financial year ending 30 June 2017.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the 2017 Annual General Meeting.

1.2 Proxy restrictions

Pursuant to the Corporations Act, if you elect to appoint the Chair, or another member of the Key Management Personnel whose remuneration details are included in the Remuneration Report or any Closely Related Party of that member as your proxy to vote on this Resolution, you must direct the proxy how they are to vote. Where you do not direct the Chair, or another member of Key Management Personnel whose remuneration details are included in the Remuneration Report or Closely Related Parties of that member on how to vote on this Resolution, the proxy is prevented by the Corporations Act from exercising your vote and your vote will not be counted in relation to this Resolution.

1.3 Definitions

Closely Related Party 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).

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

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 2017.

Resolutions 2 – Re-election of a Director – Mr Andrew Johnson

The Board comprises Mr James Scott (Chairman), Mr Wayne Arthur (Managing Director and CEO) and Mr Andrew Johnson (Non-executive Director).

Mr Arthur, as Managing Director of the Company, is excluded from the normal rotation and re-election of Director process. Mr Scott was re-elected to the Board at the 2016 Annual General Meeting on 30 November 2016.

As a result, Mr Andrew Johnson retires by rotation and is eligible for re-election.

Mr Johnson's personal details are provided in the Company's 2017 Annual Report, which was released to ASX on 31 August 2017 and is available on the Company's website at <http://www.skyfii.com>.

Recommendation

The Board (Mr Johnson abstaining) unanimously recommends that shareholders approve Resolution 2 as each director intends to do with regard to their own shareholdings in the Company.

Resolution 3 and 4 – Approval of Issue of Shares to Directors – Messrs James Scott and Andrew Johnson

The annual remuneration of each of the Directors referred to above was set at \$50,000 for the 2017 calendar year. At the Company's annual general meeting on 30 November 2016, shareholders approved the issue of shares in satisfaction of this remuneration, on the terms set out in the Notice of Annual General Meeting released to the ASX on 28 October 2016. This process was undertaken at the time in order to preserve the Company's cash balance for operational expenditure.

To date, the shares proposed and approved on the 30 November 2016 to be issued to Messrs Scott and Johnson were not issued. In effect, Messrs Scott and Johnson remain un-remunerated for services provided to the Company during calendar year 2017. As it is no longer possible to provide equity remuneration to Messrs Scott and Johnson under the framework of the resolution previously passed by shareholders in November 2017, the Company seeks fresh approval to issue \$50,000 in Skyfii shares to each of Messrs Scott and Johnson.

In accordance with ASX Listing Rule 10.13 the following information is provided in relation to Resolutions 3 and 4:

- The maximum number of Shares to be issued is \$100,000 divided by the volume weighted average price of shares trading on the ASX immediately prior to the issue dates as set out in the table immediately above. The table below shows the number of shares that would be issued at various prices.

	At 5 cents per share	At 7 cents per share	At 10 cents per share
Shares to be issued	2,000,000	1,428,571	1,000,000

- The Shares will be issued at an issue price equivalent to either the 15 trading day volume weighted average price of shares trading on the ASX immediately prior to the issue date or a 5 cents per share floor price (whichever is the higher) (refer preceding table);
- The Shares will be issued and allotted no later than 21 December 2017 (being the date which is one month subsequent to the shareholder meeting); and
- No funds will be raised from the issue of the Shares however issue of the Shares reduces the (cash) payment to be made to Directors as set out above (in effect, reducing the Company's cash outflows for the forthcoming year by \$100,000).

As provided in Exception 14 to Listing Rule 7.2, if shareholder approval is given under Listing Rule 10.11 approval is not required under Listing Rule 7.1. The Shares will rank equally with the Company's fully paid ordinary shares coded and trading as 'SKF'.

Recommendation

The Board (Messrs Scott and Johnson abstaining) unanimously recommends that shareholders approve Resolutions 3 and 4 as each Director intends to do with regard to their own shareholdings in the Company. Other than Messrs Scott and Johnson, no Director has an interest in the outcome of Resolutions 3 and 4.



All Correspondence to:

- ✉ **By Mail:** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia
- 📠 **By Fax:** +61 2 9290 9655
- 💻 **Online:** www.boardroomlimited.com.au
- ☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10:30am AEDT on Sunday 19 November 2017.**

TO VOTE ONLINE

- STEP 1: VISIT** www.votingonline.com.au/skfagm2017
- STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)**
- STEP 3: Enter your Voting Access Code (VAC):**

BY SMARTPHONE



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

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

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

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

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **10:30am AEDT on Sunday 19 November 2017.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

- 💻 **Online** www.votingonline.com.au/skfagm2017
- 📠 **By Fax** +61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia
- 👤 **In Person** Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

☐**Your Address**

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

PROXY FORM**STEP 1 APPOINT A PROXY**

I/We being a member/s of **Skyfii Limited** and entitled to attend and vote hereby appoint:

☐

the **Chair of the Meeting (mark box)**

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of **Skyfii Limited** to be held at **Level 40, 2 Park St, Sydney NSW 2000 on Tuesday 21 November 2017 at 10:30am AEDT** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 1, 3 & 4, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions even though Resolutions 1, 3 & 4 are connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolutions 1, 3 & 4). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS

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

		For	Against	Abstain*
Resolution 1	Remuneration Report	☐	☐	☐
Resolution 2	Re-election of a Director – Mr Andrew Johnson	☐	☐	☐
Resolution 3	Approval of Issue of Shares to a Director – Mr James Scott	☐	☐	☐
Resolution 4	Approval of Issue of Shares to a Director – Mr Andrew Johnson	☐	☐	☐

STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2017