



QANDA TECHNOLOGY LTD

ABN 60 066 153 982

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY MEMORANDUM

PROXY FORM

Date of Meeting

Friday, 30 November 2012

Time of Meeting

11.00 am (EDST)

Place of Meeting

Level 13, 181 Miller Street
North Sydney, NSW 2060

ANNUAL REPORT

The 2012 Annual Report is available from the Company's website via the following link: <http://www.qandatechnology.com/annual-quarterly-reports/>.

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of Qanda Technology Ltd (**Company** or **Qanda Technology**) is to be held on Friday, 30 November 2012, at Level 13, 181 Miller Street, North Sydney, NSW 2060, commencing at 11.00 am (EDST).

The Explanatory Memorandum that accompanies and forms part of this Notice describes the matters to be considered at this meeting.

BUSINESS

Financial Report – Year Ended 30 June 2012

To receive and consider the financial report for the year ended 30 June 2012 together with the directors' report and auditor's report.

Resolution 1 – Non-Binding Resolution to Adopt Remuneration Report

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

"To adopt the Remuneration Report as set out in the Annual Report for the year ended 30 June 2012."

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

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any 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 2 – Re-election of Director – Mr Benjamin Donovan

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

"That Mr Donovan, being a director of the Company who retires by rotation in accordance with Clause 13.2 of the Company's Constitution and being eligible and offering himself for re-election, be re-elected as a Director of the Company."

Resolution 3 – Ratification of the Issue of 106,250,000 Convertible Notes

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

"That, for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the previous issue of 106,250,000 Convertible Notes at an issue price of \$0.004 per Convertible Note on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice."

Short Explanation: Under ASX Listing Rule 7.4, a company may seek shareholder approval to ratify an issue of securities provided that the issue does not fall within one of the exceptions to Listing Rule 7.1 and did not breach the 15% restriction contained in Listing Rule 7.1. This resolution, if approved, will allow the Company to have the flexibility to make future issues of securities up to the threshold of 15% of its fully paid ordinary shares in any 12 month period. Please refer to the Explanatory Memorandum for details.

Voting Exclusion: The Company will in accordance with the Listing Rules, disregard any votes cast on Resolution 3 by any of the persons who participated in the issue the subject of Resolution 3 and any associate of those persons. However, the Company need not disregard a vote if:

- (a) 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
- (b) it is cast by a 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.

Resolution 4 – Approval of Issue of 60,000,000 Shares

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

"That, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve the allotment and issue of 60,000,000 Shares on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice."

Short Explanation: Under the Listing Rules, the Company may seek shareholder approval for an issue of securities that may otherwise come within its issue capacity under Listing Rule 7.1, to allow it the flexibility to make future issues of securities up to the threshold of 15% of its total ordinary securities in any one 12 month period.

Voting Exclusion: The Company will in accordance with the Listing Rules, disregard any votes cast on Resolution 4 by any of person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if Resolution 4 is passed and any associate of those persons. However, the Company need not disregard a vote if:

- (a) 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
- (b) it is cast by a 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.

Resolution 5 - Approval of the Issue of 5,393,225 Shares

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

"That, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve the allotment and issue of 5,393,225 Shares on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice."

Short Explanation: Under the Listing Rules, the Company may seek shareholder approval for an issue of securities that may otherwise come within its issue capacity under Listing Rule 7.1, to allow it the flexibility to make future issues of securities up to the threshold of 15% of its total ordinary securities in any one 12 month period.

Voting Exclusion: The Company will in accordance with the Listing Rules, disregard any votes cast on Resolution 5 by any of person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if Resolution 5 is passed and any associate of those persons. However, the Company need not disregard a vote if:

- (a) 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
- (b) it is cast by a 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.

Resolution 6 – Approval of Additional 10% Placement Capacity

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

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

Voting Exclusion: The Company will disregard any votes cast on Resolution 6 by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the resolution is passed, and any associate of those persons. However, the Company will 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 the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

DATED THIS 31ST OF OCTOBER 2012
BY ORDER OF THE BOARD



Karen Logan
Company Secretary

IMPORTANT NOTES:

1. A shareholder of the Company who is entitled to attend and vote at a general meeting of shareholders is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a shareholder of the Company.
2. A proxy form is attached. A separate form must be used for each proxy. An additional form can be obtained by writing to the Company at PO Box 3438, Nedlands, Western Australia 6909 or by fax to (61 8) 6389 2588 or by email to shareholder@qandatechnology.com. Alternatively, you may photocopy the attached form.
3. A duly completed proxy form and (where applicable) any power of attorney or a certified copy of the power of attorney must be received by the Company at its registered office or the address or fax number set out below, not less than 48 hours before the time for commencement of the meeting. Please send by post to PO Box 3438, Nedlands, Western Australia 6909 or by fax to (61 8) 6389 2588.
4. Any corporate member who has appointed a person to act as its corporate representative at the meeting should provide that person appropriate written documentation executed in accordance with the Corporations Act 2001 evidencing that the person is authorised to act as that company's representative. Please contact the Company Secretary if you require an appointment of corporate representative form. The authority may be sent to the Company in advance of the meeting or handed in at the meeting when registering as a corporate representative.
5. For the purposes of Section 1074E(2) of the Corporations Act and Regulation 7.11.37 of the *Corporations Regulations 2001*, the Company determines that members holding ordinary shares at 5.00 pm (WST) on Wednesday, 28 November 2012 will be entitled to attend and vote at the Annual General Meeting.
6. The Explanatory Memorandum attached to this Notice forms part of this Notice.
7. Changes to the Corporations Act which apply to voting by proxy:

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 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:

- 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.

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**:

- 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
- 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
- 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
- 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:

- 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
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - 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.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared to provide Shareholders with material information to enable them to make an informed decision on the business to be conducted at the Annual General Meeting of Qanda Technology Ltd (**Company or Qanda Technology**).

The Directors recommend shareholders read this Explanatory Memorandum in full before making any decision in relation to the resolutions.

Financial Statements and Report

Under the Corporations Act, the directors of the Company must table the financial report, the directors' report and the auditor's report for Qanda for the year ended 30 June 2012 at the meeting.

These reports are set out in the 2012 Annual Report. Shareholders who elected to receive a printed copy of annual reports should have received the 2012 Annual Report with this Notice of Annual General Meeting. In accordance with section 314 (1AA)(c) of the Corporations Act, the Company advises the 2012 Annual Report is available from the Company's website (<http://www.qandatechnology.com/annual-quarterly-reports/>).

Shareholders will be given reasonable opportunity at the meeting to ask questions and make comments on the financial report, the directors' report and the auditor's report.

Resolution 1 – Adoption of Remuneration Report

Under the Corporations Act, the Company is required to include, in the directors' report, a detailed Remuneration Report setting out the prescribed information in relation to the remuneration of directors and executives of Qanda Technology and the Company's remuneration practices.

Shareholders will be given reasonable opportunity at the meeting to ask questions and make comments on the Remuneration Report.

The Remuneration Report is required to be submitted for adoption by a resolution of Shareholders at the meeting. The vote on this resolution is advisory only and does not bind the directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing remuneration practices and policies.

Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, 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.

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.

Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

If you appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included

in the Remuneration Report, or a Closely Related Party of such a member as your proxy

You must direct your proxy how to vote on this Resolution. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

If you appoint the Chair as your proxy (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member).

You **do not** need to direct your proxy how to vote on this Resolution. However, if you do not direct the Chair how to vote, **you must mark the acknowledgement on the Proxy Form to expressly authorise the Chair to exercise his/her discretion in exercising your proxy even though this Resolution is connected directly or indirectly with the remuneration of Key Management Personnel.**

If you appoint any other person as your proxy

You **do not** need to direct your proxy how to vote on this Resolution, and you **do not** need to mark any further acknowledgement on the Proxy Form.

Resolution 2 – Re-election of Director – Mr Benjamin Donovan

Clause 13.2 of the Constitution requires that at the annual general meeting, one third of the Directors for the time being, or, if their number is not a whole number, the whole number nearest to one third, shall retire from office, provided always that no director except a Managing Director shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself for re-election. A retiring director is eligible for re-election.

Mr Donovan retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election.

Mr Donovan holds a Bachelor of Commerce (Honours) in finance and commercial law. He is a Chartered Secretary and currently provides consultancy services on ASX listing rule and company secretarial matters. Mr Donovan spent over two years with the Perth office of ASX, providing ASX Listing Rule advice to listed companies. Prior to joining the ASX, Mr Donovan worked at a boutique stockbroking institution in Perth on various corporate advisory and stockbroking matters.

Board Recommendation

The Board (other than Mr Donovan) recommends Shareholders vote in favour of the Resolution.

Voting Intention

The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 2.

Resolution 3 – Ratification of the Issue of 106,250,000 Convertible Notes

As announced to ASX on 9 March 2012, the Company entered into Convertible Note Deeds with three financiers in relation to convertible note facilities totalling \$425,000. A total of \$425,000 was drawn down in March 2012 and a total of 106,250,000 Convertible Notes were issued. The issue of these Convertible Notes was within the Company's 15% placement capacity.

Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Convertible Notes (**Ratification**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

A summary of the key terms of the Convertible Notes are as follows:

- (a) the Convertible Notes have the following respective maturity dates (**Maturity Date**):
 - i. Wallace & Sievwrights Trustee Services No. 4 Limited maturing 8 March 2014;

ii. Jayaych Holdings Pty Ltd maturing 12 March 2014;

iii. A.J Brackin Pty Ltd maturing 15 March 2014;

(b) the Convertible Notes shall convert into Shares as follows:

(i) at the election of the financier:

- at any time between the first anniversary of the drawdown date and Maturity Date; or
- if the Company defaults in redeeming the Convertible Notes after the Maturity Date; or
- in an event of default;

(ii) at the request of the Company at any time during the period on or before the Maturity Date, during which the 30-day volume weighted average price (**VWAP**) of the Shares is \$0.02 or more the Company may request that the financier(s) convert, however should they not elect to do so, the maximum conversion price as outlined in the following paragraph will no longer apply and the conversion price shall revert to a 30% discount to the prevailing 30-day VWAP;

(c) the Convertible Notes are convertible into Shares at a conversion price which is a 30% discount to the current 30-day VWAP, but at a minimum price of \$0.004 and a maximum price of \$0.009, unless the maximum price has been waived by the financier(s) following a request by the Company as detailed in paragraph (c)(ii) above;

(d) the Convertible Notes are secured over all the assets (both circulating assets and non-circulating assets) and undertaking of the Company and have an interest rate of 12% per annum accruing on a daily basis and payable monthly in arrears;

(e) all Shares issued upon the conversion of the Convertible Notes will rank equally with the Company's existing ordinary fully paid shares; and

(f) the Convertible Notes contain other standard terms and conditions outlined in Schedule 1.

In accordance with the requirements of Listing Rule 7.5, the following information is provided to Shareholders in relation to the Ratification:

(a) The total number of securities allotted was 106,250,000 Convertible Notes.

(b) The Convertible Notes were issued at a face value of \$0.004 per Convertible Note.

(c) The Convertible Notes will convert into Shares in accordance with the terms and conditions set out in Schedule 1 of this Explanatory Memorandum.

(d) The Convertible Notes were issued on the terms and conditions set out in Schedule 1 of this Explanatory Memorandum.

(e) The Convertible Notes were issued to the following parties, who are not related parties of the Company:

Note Holder	Number of Notes
Simon Philip Wallace and Sievwrights Trustee Services No. 4 Limited <Wallace Family Trust>	62,500,000
Jayaych Holdings Pty Limited <Jonathan Harris No.1 Trust>	18,750,000
A.J.Brackin Pty Limited <A.J.Brackin Family Trust>	25,000,000
	<u>106,250,000</u>

(f) All Shares issued pursuant to the conversion of the Convertible Notes will rank equally with the Company's existing ordinary fully paid shares.

(g) As at the date of this Notice, none of the Convertible Notes have converted into Shares.

(h) The funds raised from this issue were used for the purposes of replacing the financing provided under the convertible note facility with CVC Private Equity Limited.

Board Recommendation

The Board believes that refreshing the Company's ability to issue shares within the 15% limit is in the best interests of the Company, thereby maintaining its flexibility to make placements of securities without seeking shareholder approval if the need or opportunity arises. Accordingly, the Board recommends Shareholders vote in favour of the Resolution.

Voting Intention

The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 3.

Resolution 4 – Approval of Issue of 60,000,000 Shares

In September and October 2010, the Company entered into subscription agreements with sophisticated investors for a total of 15,000,000 Shares at an issue price of \$0.02 per Share with free attaching Options on a one for one basis (**Subscription Price**) to raise \$300,000, before costs of the issue (**Subscription Agreements**). The application monies of \$300,000 were received in October 2010 and the Shares and free attaching Options allotted on 12 and 13 October 2010.

The Subscription Agreements provide that should the Company complete a capital raising of any nature at any time prior to 2 years from the subscription date, where the issue price for Shares is less than the Subscription Price, the Subscription Agreements will be automatically varied to the issue price of the subsequent capital raising and additional securities issued in accordance with the Subscription Agreements (**Adjustment Clause**). Where more than one subsequent capital raising is conducted, then the lowest price will be used for the purposes of calculating the additional securities to be issued pursuant to the Adjustment Clause.

The Company completed two placements in March 2012 raising \$300,000 at an issue price of \$0.004 per Share (**New Subscription Price**). This New Subscription Price triggers the Subscription Agreements to be automatically varied to the New Subscription Price of \$0.004 per Share in accordance with the Adjustment Clause. Consequently, this resolution seeks approval to issue the 60,000,000 additional Shares required to be issued pursuant to the Adjustment Clause contained in the Subscription Agreements.

A summary of ASX Listing Rule 7.1 is set out under the Explanatory Memorandum for Resolution 3 above.

ASX Listing Rule 7.3 requires that the following information be provided to shareholders for the purpose of obtaining shareholder approval pursuant to ASX Listing Rule 7.1:

- (a) The maximum number of securities to be issued by the Company is 60,000,000 Shares.
- (b) The recipients of the Shares will be:
 - a. Colada Investments Limited (Company Number 7385673) – 40,000,000 Shares; and
 - b. Lloyds & Casanove Investment Partners Limited (Company Number 04487452) – 20,000,000 Shares, neither party is a related party of the Company.
- (c) The deemed issue price of the Shares will be \$0.004 per Share.
- (d) The Shares will be issued no later than 3 months after the date of this Meeting (or such later date as is permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that allotment will occur on the same date.
- (e) The Shares will be fully paid ordinary shares in the capital of the Company and will be issued on the same terms as, and rank equally in all respects with the existing Shares.
- (f) No funds raised will be raised from the issue of the Shares as the Shares will be issued in accordance with the terms of the Adjustment Clause in the Subscription Agreements.

Board Recommendation

The Board recommends Shareholders vote in favour of the Resolution.

Voting Intention

The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 4.

Resolution 5 - Approval of the Issue of 5,393,225 Shares

Resolution 5 seeks Shareholder approval in accordance with Listing Rule 7.1 to issue 5,393,225 Shares to Mr Simon Cameron,

Chief Operating Officer of the Group.

From October 2010 to February 2011, Mr Cameron accrued an amount of \$21,573 in salaries and statutory superannuation which he agreed to defer receipt of payment for (**Accrued Remuneration**). The Directors have resolved to settle the Accrued Remuneration by way of issue of fully paid ordinary shares in the capital of the Company at the last issue price of Shares placed to investors, being \$0.004 in March 2012.

A summary of ASX Listing Rule 7.1 is set out under the Explanatory Memorandum for Resolution 3 above.

ASX Listing Rule 7.3 requires that the following information be provided to shareholders for the purpose of obtaining shareholder approval pursuant to ASX Listing Rule 7.1:

- (a) The maximum number of securities to be issued by the Company under this Resolution 5 is 5,393,225 Shares.
- (b) The Shares will be allotted and issued to Mr Simon Cameron or his nominee, neither of which will be a related party of the Company.
- (c) The Shares will be issued at a deemed issue price of \$0.004 per Share.
- (d) The Shares will be issued no later than 3 months after the date of this Meeting (or such later date as is permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that allotment will occur on the same date.
- (e) The Shares will be fully paid ordinary shares in the capital of the Company and will be issued on the same terms as, and rank equally in all respects with the existing Shares.
- (f) No funds raised will be raised from the issue of the Shares as the issue is in satisfaction of services provided by Mr Cameron to the Company in his capacity as Chief Operating Officer of the Group.

Board Recommendation

The Board believes that refreshing the Company's ability to issue shares within the 15% limit is in the best interests of the Company, thereby maintaining its flexibility to make placements of securities without seeking shareholder approval if the need or opportunity arises. Accordingly, the Board recommends Shareholders vote in favour of the Resolution.

Voting Intention

The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 5.

Resolution 6 – Approval of Additional 10% Placement Capacity

Background

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of their issued share capital over a 12 month period after the annual general meeting at which a resolution for the purposes of Listing Rule 7.1A is passed by special resolution (**Additional 10% Placement Capacity**). The Additional 10% Placement Capacity is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An entity will be eligible to seek approval under Listing Rule 7.1A if:

- (a) the entity has a market capitalisation of \$300 million or less (excluding restricted securities and securities quoted on deferred settlement basis); and
- (b) the entity is not included in the S&P ASX 300 Index.

The Company is an eligible entity for the purposes of Listing Rule 7.1A.

Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that an eligible entity which has obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 10% Placement Period, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

- A is the number of fully paid shares on issue 12 months before the date of issue or agreement:
- plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
 - plus the number of partly paid shares that became fully paid in the 12 months;

- plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- less the number of fully paid shares cancelled in the 12 months.

D is 10%.

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

The Company is putting Resolution 7 to Shareholders to seek approval to issue additional Equity Securities under the Additional 10% Placement Capacity. It is anticipated that funds raised by the issue of Equity Securities under the Additional 10% Placement Capacity would be applied towards general working capital.

Listing Rule 7.1A

The effect of Resolution 6 will be to permit the Company to issue the Equity Securities under Listing Rule 7.1A during the Additional Placement Period (as defined below) without using the Company's 15% placement capacity under Listing Rule 7.1.

Equity Securities issued under the Additional 10% Placement Capacity must be in the same class as an existing quoted class of Equity Securities of the Company. As at the date of this Notice the Company has Shares (ASX: QNA), Options and Convertible Notes on issue.

Based on the number of shares on issue at the date of this Notice, the Company will have 713,706,375 Shares on issue and therefore, subject to Shareholder approval being sought under Resolution 6, 71,370,638 Equity Securities will be permitted to be issued in accordance with Listing Rule 7.1A. Shareholders should note that the calculation of the number of Equity Securities permitted to be issued under the Additional 10% Placement Capacity is a moving calculation and will be based on the formula set out in Listing Rule 7.1A at the time of issue of the Equity Securities. The table below demonstrates various examples as to the number of Equity Securities that may be issued under the Additional 10% Placement Capacity.

Resolution 6 is a special resolution, requiring approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative) in order to be passed.

Specific Information required by Listing Rule 7.3A

The following information in relation to the Shares to be issued is provided to Shareholders for the purposes of Listing Rule 7.3A:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the volume weighted average price for the Company's Equity Securities 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; or
 - ii. if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 6 is approved by Shareholders and the Company issues Equity Securities under the Additional 10% Placement Capacity, the existing Shareholders' economic and voting interests in the Company will be diluted. There is also a risk that:
 - i. the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the meeting; and
 - ii. the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date,

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

The table below shows the dilution of existing Shareholders of the issue of the maximum number of Equity Securities under the Additional 10% Placement Capacity using variables for the number of ordinary securities for variable "A" (as defined in Listing Rule 7.1A) and the market price of Shares. It is noted that the variable "A" is based on the number of ordinary securities the Company has on issue at the time of the proposed issue of Equity Securities.

The table shows:

- i. examples where variable "A" is at its current level and where variable "A" has increased by 50% and 100%;

- ii. examples of where the issue price of ordinary securities is the current market price as at close of trade on 24 October 2012, being \$0.005, (**current market price**), where the issue price is halved, and where it is doubled; and
- iii. the dilutionary effect will always be 10% if the maximum number of Equity Securities that may be issued under the Additional 10% Placement Capacity are issued.

Number of Shares on issue (Variable 'A' in ASX Listing Rule 7.1A.2)	Number of Shares issued and funds raised under the Additional 10% Placement Capacity and dilution effect	Dilution		
		\$0.0025 Issue Price at half the current market price	\$0.0050 Issue Price at current market price	\$0.010 Issue Price at double the current market price
Current Variable A 779,099,600 Shares	Shares issued	77,909,960	77,909,960	77,909,960
	Funds raised	\$194,775	\$389,550	\$779,099
	Dilution	10%	10%	10%
50% increase in current Variable A 1,168,649,400 Shares	Shares issued	116,864,940	116,864,940	116,864,940
	Funds raised	\$292,162	\$584,325	\$1,168,649
	Dilution	10%	10%	10%
100% increase in current Variable A 1,558,199,200 Shares	Shares issued	155,819,920	155,819,920	155,819,920
	Funds raised	\$389,550	\$779,099	\$1,558,199
	Dilution	10%	10%	10%

*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.

Note this table assumes:

- i. No Options are exercised and no Convertible Notes are converted before the date of the issue of the Equity Securities;
 - ii. The issue of Equity Securities under the Additional 10% Placement Capacity consists only of Shares.
 - iii. There are currently 779,099,600 Shares on issue comprising:
 - (a) 713,706,375 existing Shares as at the date of this Notice of Meeting; and
 - (b) 65,393,225 Shares which will be issued if Resolutions 4 and 5 are passed at this Meeting.
 - iv. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
 - v. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
 - vi. 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.
 - vii. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
 - viii. 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%.
 - ix. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.
- (c) Approval of the Additional 10% Placement Capacity will be valid from the date of the Annual General Meeting and will expire on the earlier of:
- i. the date that is 12 months after the date of the Annual General Meeting; and
 - ii. the date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 (a significant change to that nature of scale of activities) or Listing Rule 11.2 (disposal of main undertaking),

(Additional Placement Period).

- (d) The Company may seek to issue the Equity Securities for the following purposes:

- i. cash consideration. If Equity Securities are issued for cash consideration, the Company intends to use the funds raised towards advancement of the Marketboomer business unit, focusing specifically on Purchase Plus, the Company's latest multilingual web e-Procurement platform, ongoing R&D work and to supplement the Company's working capital.
- ii. non-cash consideration for the settlement of liabilities of the Group. If Equity Securities are issued for non-cash consideration, the Company will comply with Listing Rule 7.1A.3 in relation to such issue and will release the valuation of the non-cash consideration to the market.

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

- (e) The Company's allocation policy for the issue of Equity Securities under the Additional 10% Placement Capacity will be determined having regard to the prevailing market conditions at the time of the proposed issue(s).

The identity of the allottees under the Additional 10% Placement Capacity will be determined on a case-by-case basis having regard to factors which may include the following:

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

The Company notes that:

- i. any funds raised from the issue of Shares under the Additional 10% Placement Capacity are likely to be applied towards continued improvement of the Company's Marketboomer business unit and Purchase Plus platform, ongoing R&D work and for general working capital purposes;
- ii. it is not possible to determine whether any existing Shareholders, or class of Shareholders, would be invited to apply for any Shares to be issued under the Additional 10% Placement Capacity, or to determine the category of any new investors that may be invited to participate in such a fundraising;
- iii. prior to undertaking any fundraising, the Board will have regard to whether it is in the Company's best interests to structure such a fundraising as an entitlements issue to all of the Company's existing Shareholders at that time; and
- iv. the reason for undertaking any particular issue under the Additional 10% Placement Capacity would be announced at the time the Company sought to issue shares under that Additional 10% Placement Capacity.

At the date of this notice, the allottees under the Additional 10% Placement Capacity have not been determined. They may, however, include substantial Shareholders and/or new Shareholders who are not related parties (or their associates) of the Company. If the Company issues the Equity Securities for the settlement of liabilities of the Group, it is likely that the allottees under the Additional 10% Placement Capacity will be those parties to whom the liabilities are owed.

- (f) The Company has not previously obtained shareholder approval under Listing Rule 7.1A.
- (g) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not determined its allocation policy for the issue of Equity Securities under the Additional 10% Placement Capacity. The Company has not, and has not yet determined to approach, any particular existing security holders or an identifiable class of existing security holders to participate in an offer under the Additional 10% Placement Capacity, and therefore no Shareholder will be excluded from voting on Resolution 6.

Board recommendation

The Board recommends Shareholders vote in favour of Resolution 6.

Voting intention

The Chairman of the meeting intends to vote all undirected proxies in favour of Resolution 6.

DEFINITIONS

\$ means an Australian dollar.

Additional 10% Placement Capacity has the meaning given in the “Background” section of the Explanatory Memorandum for Resolution 6.

Annual General Meeting means the annual general meeting the subject of this Notice.

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

ASX Listing Rules and **Listing Rules** mean the official listing rules of ASX.

Board means the board of directors of the Company.

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).

Company or **Qanda Technology** means Qanda Technology Ltd (ACN 066 153 982).

Constitution means the Company’s constitution.

Convertible Note or **Note** means a convertible note in the Company issued on the terms and conditions set out in Schedule 1 to this Explanatory Memorandum;

Convertible Note Deeds means three separate deeds titled ‘Secured Redeemable Convertible Note Facility Deed’ dated 9 March 2012, 7 March 2012 and 13 March 2012 respectively between the Company and three financiers: Simon Philip Wallace and Sievwrights Trustee Services No. 4 Limited <Wallace Family Trust>, Jayaych Holdings Pty Limited <Jonathan Harris No.1 Trust> and A.J.Brackin Pty Limited <A.J.Brackin Family Trust>.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a Director of the Company and **Directors** means the directors of the Company.

Explanatory Memorandum means this explanatory memorandum accompanying the Notice of Annual General Meeting.

Equity Securities has the same meaning as in the ASX Listing Rules.

Group means the Company and its subsidiaries.

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.

Meeting means the meeting of Shareholders convened by the Notice of Annual General Meeting.

Notice or **Notice of Meeting** means the notice of annual general meeting accompanying this Explanatory Memorandum.

Option means an option to acquire a Share.

Remuneration Report means the remuneration report as contained in the Company’s annual financial report for the financial year ended 30 June 2012.

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

Shareholder means a shareholder of the Company.

Subscription Agreements means two separate subscription agreements dated 30 September 2010 and 1 October 2010 respectively between the Company and two investors: Colada Investments Limited (Company Number 7385673) and Lloyds & Casanove Investment Partners Limited (Company Number 04487452).

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

EDST means Eastern Daylight Savings Time.

SCHEDULE 1

Terms and Conditions of Convertible Notes

The Convertible Notes are issued to the holder on the following terms and conditions:

- (a) **(General terms)** Each Convertible Note has the following general terms:
 - (i) **(Secured)** Each Convertible Note is secured against the assets of the Company by a first ranking registered Security Interest and undertakings securing the obligations of the Company to the holder under the Convertible Note Deed;
 - (ii) **(Transferable)** A Convertible Note may be transferred without the Company's consent ;
 - (iii) **(Information and reports)** A Convertible Note confers on the holder the right to receive copies of all documents of the Company that are circulated to Shareholders.
- (b) **(Interest)** Subject to the application of the default interest rate, interest will accrue daily on the principal of each Convertible Note (\$0.004) at 12% per annum from the date of issue to up to and including the Maturity Date and is payable monthly in arrears.
- (c) **(Default Interest)** In the event the Company is in default under the Convertible Note Deed (e.g. non-payment of interest, an event of insolvency) the interest rate will increase to 24% per annum accruing daily from the date of default and apply to the principal of each Convertible Note (\$0.004) until paid in full.
- (d) **(Conversion):**

A Convertible Note (and any accrued interest) can be converted at the election of the financier:

- (i) at any time between the first anniversary of the drawdown date and the respective maturity dates **(Maturity Date)**
 - i. Wallace & Sievwrights Trustee Services No. 4 Limited maturing 8 March 2014;
 - ii. Jayaych Holdings Pty Ltd maturing 12 March 2014;
 - iii. A.J Brackin Pty Ltd maturing 15 March 2014;
- (ii) if the Company defaults in redeeming the Convertible Notes after the Maturity Date; or
- (iii) in the event the Company is in default under the Convertible Note Deed (e.g. non-payment of interest, an event of insolvency).

A Convertible Note (and any accrued interest) can be converted at the request of the Company at any time during the period on or before the Maturity Date, during which the 30-day volume weighted average price (VWAP) of the Shares is \$0.02 or more the Company may request that the financier(s) convert, however should they not elect to do so, the maximum conversion price as outlined in the following paragraph will no longer apply and the conversion price shall revert to a 30% discount to the prevailing 30-day VWAP.

The Shares issued on conversion will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.

- (e) **(Conversion ratio)** A Convertible Note will convert into that number of Shares calculated by dividing the principal amount (\$0.004 per Convertible Note) plus any unpaid interest by the conversion price (\$0.004 per Convertible Note subject to adjustment for reorganisations and rights issues or placements as set out below). Once aggregated, any fractional entitlements will be rounded down to the nearest whole number.
- (f) **(Reorganisation)** If at any time between issue and conversion there is a reorganisation of the issued capital of the Company, the conversion price of the Convertible Notes is to be treated in a manner consistent with ASX Listing Rule 7.21.
- (g) **(Bonus issue of Shares)** If at any time between issue and conversion there is a bonus issue of Shares, the number of securities over which a Convertible Note is convertible may be increased by the number of securities which the holder would have received if the Convertible Note had been exercised before the record date for the bonus issue;

- (h) **(Rights issues and placements of Shares)** If at any time between issue and conversion or redemption there is a rights issue or placement of Shares, and the issue price is less than \$0.004, the conversion price of the Convertible Notes not already converted or redeemed will be automatically adjusted to an equivalent value of that rights issue or placement. In the event there is more than one rights issue or placement in this time period the conversion price will reduce to the lowest issue price.
- (i) **(Redemption)** A Convertible Note must be redeemed by the Company following the first to occur:
- i. on the Maturity Date if the holder has not delivered a Conversion Notice prior to the Maturity Date provided that the Borrower has provided a notice to the holder not less than 20 business days before the Maturity Date notifying the holder that the Borrower will redeem any Convertible Notes outstanding on the Maturity Date; or
 - ii. the receipt by the Company of a redemption notice in respect of the Convertible Note as a result of the exercise of the holder's rights upon an event of default ; or
 - iii. at the election of the holder if there is a takeover bid, change of control of the Company or sale of main undertaking of the Company that would require approval of Shareholders in accordance with Listing Rule 11.2 ; or
 - iv. if the holder or the Company exercise their rights upon non satisfaction of a condition precedent to conversion.

PROXY FORM

MR SAM SAMPLE
UNIT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE WA 6060

1. Appointment of Proxy

I/We being a member/s of Qanda Technology Ltd hereby appoint

the Chairman of
the Meeting

OR

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

or, failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, or the Chairman's nominee, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and subject to relevant laws, as the proxy sees fit) at the Annual General Meeting of Qanda Technology Ltd to be held at Level 13, 181 Miller Street, North Sydney, NSW 2060 at 11.00 am (EDST) on Friday, 30 November 2012 and at any adjournment of that meeting.

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

2. Items of Business

Please mark ☒ to indicate your voting directions.

	FOR	AGAINST	ABSTAIN
1. Non-Binding Resolution to Adoption Remuneration Report	☐	☐	☐
2. Re-election of Director – Mr Benjamin Donovan	☐	☐	☐
3. Ratification of the Issue of 106,250,000 Convertible Notes	☐	☐	☐
4. Approval of Issue of 60,000,000 Shares	☐	☐	☐
5. Approval of the Issue of 5,393,225 Shares	☐	☐	☐
6. Approval of Additional 10% Placement Capacity	☐	☐	☐

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

Important for Resolution 1

If you have not directed your proxy how to vote as your proxy in respect of Resolution 1 and the Chair is, or may by default be, appointed your proxy, you must mark the box below.

☐

I/we direct the Chair to vote in accordance with his/her voting intentions (as set out above) on Resolution 1 (except where I/we have indicated a different voting intention above) and expressly authorise that the Chair may exercise my/our proxy even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

If the Chair is, or may by default be, appointed your proxy and you do not mark this box and you have not directed the Chair how to vote, the Chair will not cast your votes on Resolution 1 and your votes will not be counted in calculating the required majority if a poll is called on Resolution 1.

3. Signature of Securityholder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1

Individual/ Sole Director and
Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/ Company Secretary

Contact Name

Contact Daytime Telephone

Date

HOW TO COMPLETE THE PROXY FORM

1. Appointment of Proxy

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

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

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. The appointment of a second proxy must be done on a separate copy of the Proxy Form. If a member appoints two proxies and the appointments do not specify the proportion or number of the member's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded.

A duly appointed proxy need not be a securityholder of the company.

2. Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your securities will be voted in accordance with your directions. 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 your vote on that item will be invalid.

3. Signing Instructions

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

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

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

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

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

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below no later than 48 hours before the commencement of the meeting at 11.00 am (EDST) on Friday, 30 November 2012. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged by posting, delivery or facsimile to Qanda Technology Limited:-

PO Box 3438
Nedlands, WA 6909

Fax: (61 8) 6389 2588

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from the Company Secretary.