



QANDA TECHNOLOGY LTD

ABN 60 066 153 982

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY MEMORANDUM

PROXY FORM

Date of Meeting

Friday, 28 November 2014

Time of Meeting

2.00 pm (EDST)

Place of Meeting

Level 5, 181 Miller Street
North Sydney, NSW 2060

ANNUAL REPORT

The 2014 Annual Report is available from the Company's website via the following link: <http://qandatechnology.com/reports/>

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of Qanda Technology Ltd (**Company** or **Qanda Technology**) is to be held on Friday, 28 November 2014, at Level 5, 181 Miller Street, North Sydney, NSW 2060, commencing at 2.00 pm (EDST).

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

BUSINESS

Financial and Other Reports – Year Ended 30 June 2014 (no resolution required)

To receive and consider the financial report, the Remuneration Report, and the reports of the Directors and of the Auditor for the year ended 30 June 2014.

Resolution 1 – Non-Binding Resolution to Adopt 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 to adopt the Remuneration Report as set out in the Annual Report for the year ended 30 June 2014.”

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

Voting Prohibition Statement:

The Company will disregard any votes cast on Resolution 1 by, or on behalf of, any of the following persons:

- (a) a member of the Key Management Personnel, as disclosed in the Remuneration Report; or
- (b) a Closely Related Party (such as close family members and any controlled companies) 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 Adrian Bunter

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

“That Mr Bunter, 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 – Re-election of Director – Mr Chris Noone

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

“That Mr Noone, being a director of the Company who, having been appointed on 7 August 2014, retires in accordance with Clause 13.4 of the Company’s Constitution and being eligible and offering himself for re-election, be re-elected as a Director of the Company.”

Resolution 4 – Re-election of Director – Mr Domenic Carosa

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

“That Mr Carosa, being a director of the Company who, having been appointed on 7 August 2014, retires in accordance with Clause 13.4 of the Company’s Constitution and being eligible and offering himself for re-election, be re-elected as a Director of the Company.”

Resolution 5 – Change of Company Name

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

"For the purposes of Section 157(1) of the Corporations Act and for all other purposes, the name of the Company be changed to 'Collaborate Corporation Limited'."

Resolution 6 – Approval and Ratification of the issue of Shares and Options

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 approve and ratify the issue of 50,000,000 Shares, 50,000,000 Tranche 1 Options and 25,000,000 Tranche 2 Options on the terms and conditions set out in the Explanatory Memorandum."

Short Explanation: Under the Listing Rules, the Company may seek shareholder approval to subsequently ratify an issue of securities 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 disregard any votes cast on Resolution 6 by any person who participated in the issue and any associates 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 the Chairperson for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 7 – Approval of issue of Executive Options to Director

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

"That, pursuant to and in accordance with Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, Shareholders approve the issue of 26,500,000 Executive A Options and 26,500,000 Executive B Options to Mr Chris Noone (a Director) on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion:

The Company will disregard any votes cast on this Resolution by Mr Noone and any of his associates.

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 directions on the Proxy Form; or
- (b) it is cast by the Chairperson 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.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, if:

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

A vote may be cast by a person:

- (a) appointed as a proxy if:
 - (i) the vote is not cast on behalf of a person who is otherwise excluded from voting; and
 - (ii) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairperson and the appointment does not specify how the Chairperson is to vote but expressly authorises the Chairperson to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Resolution 8 – Approval of issue of Director Options to Director

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

"That, pursuant to and in accordance with Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, Shareholders approve the issue of 10,000,000 Director Options to Mr Adrian Bunter (a Director) on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion:

The Company will disregard any votes cast on this Resolution by Mr Bunter and any of his associates.

However, the Company need not disregard a vote if:

- (c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (d) it is cast by the Chairperson 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.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, if:

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

A vote may be cast by a person:

- (g) appointed as a proxy if:
 - (i) the vote is not cast on behalf of a person who is otherwise excluded from voting; and
 - (ii) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (h) the person appointed as proxy is the Chairperson and the appointment does not specify how the Chairperson is to vote but expressly authorises the Chairperson to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Resolution 9 – Approval of issue of Director Options to Director

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

"That, pursuant to and in accordance with Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, Shareholders approve the issue of 10,000,000 Director Options to Mr Domenic Carosa (a Director) on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion:

The Company will disregard any votes cast on this Resolution by Mr Carosa and any of his associates.

However, the Company need not disregard a vote if:

- (i) it is cast by a person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (j) it is cast by the Chairperson 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.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, if:

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

A vote may be cast by a person:

- (m) appointed as a proxy if:
 - (i) the vote is not cast on behalf of a person who is otherwise excluded from voting; and
 - (ii) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (n) the person appointed as proxy is the Chairperson and the appointment does not specify how the Chairperson is to vote but expressly authorises the Chairperson to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Resolution 10 – Approval of Additional 10% Placement Capacity

To consider and, if thought fit, to pass with or without amendment 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 10 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:

- (o) 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
- (p) the vote is cast by the Chairperson 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 11 – Consolidation of Capital

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

"That, for the purposes of section 254H of the Corporations Act and for all other purposes, approval is given for the consolidation of the Company's issued capital on the following basis:

- (a) *every 10 Shares be consolidated into 1 Share;*
- (b) *every 10 Options be consolidated into 1 Option and the exercise price of each Option to be amended in inverse proportion to this ratio in accordance with Listing Rule 7.22.1;*
- (c) *every 10 Notes be consolidated into 1 Note and the conversion price of the Notes be amended in inverse proportion to this ratio in accordance with the terms of the Notes,*

with the consolidation taking effect on or about 11 December 2014, and where this consolidation results in a fraction of a Share, Option or Note being held by a Shareholder, Optionholder or Noteholder (as applicable), the Directors be authorised to round that fraction down to the nearest whole Share, Option or Note."

Resolution 12 – Section 195 Approval

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

"That, pursuant to and in accordance with section 195(4) of the Corporations Act and for all other purposes, Shareholders approve the transactions contemplated in Resolutions 7, 8 and 9."

EXPLANATORY MEMORANDUM

The Explanatory Memorandum is incorporated in and comprises part of this Notice. Shareholders are referred to the Glossary in the Explanatory Memorandum which contains definitions of capitalised terms used both in this Notice and the Explanatory Memorandum.

PROXIES

Please note that:

- A member entitled to attend and vote is entitled to appoint not more than two proxies to attend and vote on behalf of the member.
- A proxy need not be a member of the Company, but must be a natural person (not a corporation). A proxy may also be appointed by reference to an office held by the proxy (e.g. "the Company Secretary").
- Where more than one proxy is appointed, each proxy may be appointed to represent a specified proportion of the member's voting rights. If no such proportion is specified, each proxy may exercise half of the member's votes.

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

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

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:
 - o the proxy is not recorded as attending the meeting; or
 - o 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.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms. Completed Proxy Forms (together with any authority under which the proxy was signed or a certified copy of the authority) must be returned before 5:00 p.m. (WST) on Wednesday, 26 November 2014.

VOTING ENTITLEMENTS

For the purposes of section 1074E(2) of the Corporations Act 2001 and regulation 7.11.37 of the Corporations Regulations 2001, the Company has determined that members holding ordinary shares as set out in the Company's share register at 5:00 p.m. (WST) on Wednesday, 26 November 2014 will be entitled to attend and vote at the Annual General Meeting.

CORPORATE REPRESENTATIVE

Any corporate Shareholder who has appointed a person to act as its corporate representative at the meeting should provide that person with an original (or certified copy) certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. 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. The appointment must comply with section 250D of the Corporations Act 2001.

ATTORNEYS

If an attorney is to attend the meeting on behalf of a Shareholder, a properly executed original (or originally certified copy) of an appropriate power of attorney must be received by the Company by the deadline for the receipt of Proxy Forms, being no later than 5:00 p.m. (WST) on Wednesday, 26 November 2014. Previously lodged powers of attorney will be disregarded by the Company.

**DATED THIS 28TH OF OCTOBER 2014
BY ORDER OF THE BOARD**



Karen Logan
Company Secretary

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 2014 at the meeting.

These reports are set out in the 2014 Annual Report. Shareholders who elected to receive a printed copy of annual reports should have received the 2014 Annual Report with this Notice of Annual General Meeting. In accordance with section 314 (1AA)(c) of the Corporations Act, the Company advises the 2014 Annual Report is available from the Company's website (<http://qandatechnology.com/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.

1. Resolution 1 – Adoption of Remuneration Report

1.1 General

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.

Under section 250R(2) of the Corporations Act, 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.

1.2 Voting consequences

Under the Corporations Act, 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.

1.4 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.

1.5 Voting Intention

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

2. Resolution 2 – Re-election of Director – Mr Adrian Bunter

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

Mr Bunter has over 19 years' experience in accounting, finance and a broad range of corporate advisory roles ranging from mergers and acquisitions, divestments of businesses, debt/equity raisings and strategy development and execution. Mr Bunter is an executive director of Venture Advisory, a specialist telecommunications, media and technology financial advisory firm operating out of Australia and AsiaPac. Mr Bunter is a Chartered Accountant, a Senior Associate of Finsia and has completed a Bachelor of Business and a Graduate Diploma in Applied Finance. Mr Bunter is a member of the Executive Committee of Australia's leading angel investing group, Sydney Angels.

Mr Bunter is also a non-executive director of 8common Limited (ASX:8CO), an ASX-listed company.

2.1 Board Recommendation

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

2.2 Voting Intention

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

3. Resolution 3 – Re-election of Director – Mr Chris Noone

Clause 13.4 of the Constitution allows the Directors to appoint at any time a person to be a Director as an addition to the existing Directors. Any Director so appointed holds office only until the next following annual general meeting and is then eligible for re-election.

Mr Noone was appointed as CEO and Executive Director by the Board on 7 August 2014. He retires in accordance with the Company's Constitution and, being eligible, offers himself for re-election.

Mr Noone has led the development, launch and optimisation of many innovative companies that have helped define the digital market in Europe, Asia and Australia. Mr Noone led the Asia Pacific business for Microprose and then moved to London as Commercial Director for Hasbro. Mr Noone also went on to launch Vodafone's games business in Europe and later become their head of Business Development and Content. Mr Noone moved back to Australia in 2006 to ramp up ninemsn's mobile business, taking responsibility for the monetisation of the mobile products of Microsoft, ACP Magazines and Channel 9 as well as the 5th Finger and HWW mobile businesses. In addition to helping large corporations evolve in a digital environment, he has also co-founded a number of start-up businesses.

3.1 Board Recommendation

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

3.2 Voting Intention

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

4. Resolution 4 – Re-election of Director – Mr Domenic Carosa

Clause 13.4 of the Constitution allows the Directors to appoint at any time a person to be a Director as an addition to the existing Directors. Any Director so appointed holds office only until the next following annual general meeting and is then eligible for re-election.

Mr Carosa was appointed as a non-executive director by the Board on 7 August 2014. He retires in accordance with the Company's Constitution and, being eligible, offers himself for re-election.

Mr Carosa has over 20 years' experience in business and technology. He is co-founder and Chairman of Future Capital Development Fund Pty Ltd (a registered Pooled Development Fund). Future Capital has successfully raised in excess \$8M in patient equity capital in recent years, invested in 14 early stage investees and recently launched the Future Capital Bitcoin Fund which will invest in Bitcoin-related companies. He is also Chairman/CEO of Dominet Digital Corporation Pty Ltd, a boutique internet investment group and Chairman/CEO of global mobile entertainment company CroudMobile.com. Mr Carosa was previously the co-founder and Group CEO of ASX-listed destra Corporation, which was one of the largest independent media and entertainment companies in Australia.

Mr Carosa is also a non-executive director of the ASX-listed company Shoply Limited (ASX:SHP).

4.1 Board Recommendation

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

4.2 Voting Intention

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

5. Resolution 5 – Change of Company Name

The new name proposed to be adopted under Resolution 5 is 'Collaborate Corporation Limited'. The Directors believe that this new name more accurately reflects the core operations of the business. The new name should enhance the link between the core operations of the business and the parent company's identity.

Section 157 of the Corporations Act requires the members to pass a special resolution to change the Company's name. Accordingly, Shareholder approval is sought pursuant to this resolution. As this Resolution is a special resolution, it requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney, or in the case of a corporate Shareholder, by corporate representative).

The change of name will take effect from when ASIC alters the details of the Company's registration.

Subject to the approval of Resolution 5 the Directors will also request that ASX change the Company's ASX listing code from "QNA" to "CL8". The ASX listing code "CL8" has been reserved by the Company.

5.1 Board Recommendation

The Board recommends Shareholders vote in favour of the Resolution.

5.2 Voting Intention

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

6. Resolution 6 – Approval and Ratification of the issue of Shares and Options

6.1 General

As announced to ASX on 4 September 2014, the Company entered into a binding agreement to acquire a 100% interest in the business and assets of caramavan.com (**Caramavan**) (the **Acquisition**). In consideration for the Acquisition, the Company issued the following Securities:

- 50,000,000 fully paid ordinary shares (**Shares**);
- 50,000,000 unlisted options exercisable at \$0.002 each on or before 2 October 2017 (**Tranche 1 Options**). The Tranche 1 Options are only able to be exercised once the Caramavan business under Qanda's ownership has earned cumulative gross profit of \$300,000; and
- 25,000,000 unlisted options exercisable at \$0.003 each on or before 2 October 2017 (**Tranche 2 Options**). The Tranche 2 Options are only able to be exercised once the Caramavan business under Qanda's ownership has earned cumulative profit before interest, tax, depreciation and amortisation of \$100,000 in any rolling 6 month period from 2 October 2014 to 2 October 2017,

(together, the **Acquisition Securities**).

Voluntary escrow periods apply to 37,500,000 Shares as follows:

12,500,000	restricted until 2 April 2015
25,000,000	restricted until 2 October 2015

The Acquisition Securities were issued utilising the Company's 15% capacity in accordance with Listing Rule 7.1 (without the need for Shareholder approval). Therefore, the Company is seeking to ratify the issue of the Acquisition Securities.

Resolution 6 is an ordinary resolution.

6.2 Reason approval required

The Company seeks that Shareholders approve and ratify the issue of the Acquisition Securities pursuant to Listing Rule 7.4. Listing Rule 7.4 enables shareholders of a company to approve and ratify an issue of securities that was made without shareholder approval under Listing Rule 7.1 or under an exception to Listing Rule 7.1 and which otherwise did not breach Listing Rule 7.1.

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.

If the issue of the Acquisition Securities is ratified by this resolution then the issue of these securities will not count towards the Company's placement capacity for the purposes of Listing Rule 7.1.

For the purposes of Listing Rule 7.5, the following information is provided:

- (a) A total of 50,000,000 Shares, 50,000,000 Tranche 1 Options and 25,000,000 Tranche 2 Options were issued.
- (b) The Acquisition Securities were issued in consideration for the Acquisition of the Caramavan business and assets.
- (c) The Shares issued were ordinary fully paid shares and rank equally in all respects with the existing ordinary fully paid shares issued in the capital of the Company. The terms of the Tranche 1 Options and Tranche 2 Options are set out in Schedules 1 and 2 to this Explanatory Memorandum.
- (d) The Acquisition Securities were issued to BOS HQ Pty Ltd, which is not a related party of the Company.
- (e) No funds were raised from the issue of the Acquisition Securities.
- (f) A voting exclusion statement has been included for the Resolution.

6.3 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 opportunity arises. Accordingly, the Board recommends Shareholders vote in favour of the Resolution.

6.4 Voting Intention

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

7. Resolution 7 – Approval of issue of Executive Options to Director

7.1 General

Resolution 7 seeks Shareholder approval pursuant to Listing Rule 10.11 and Chapter 2E of the Corporations Act for the issue of 26,500,000 Executive A Options and 26,500,000 Executive B Options to Mr Chris Noone, CEO and Executive Director of the Company. The Executive Options are proposed to be issued to Mr Noone under the terms of his executive services agreement dated 7 August 2014.

Resolution 7 is an ordinary resolution.

7.2 Reason approval required

Shareholder approval is required under Listing Rule 10.11 and section 208 of the Corporations Act because by virtue of being the CEO and Executive Director, Mr Noone is a related party of the Company.

Listing Rule 10.11 requires shareholder approval for the issue of securities to a related party of the Company unless an exception applies under Listing Rule 10.13.

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

1. the giving of the financial benefit falls within one of the nominated exceptions to the provision (set out in Sections 210 to 216); or
2. prior shareholder approval is obtained to the giving of the financial benefit (in accordance with Sections 217 to 227).

It is the view of the Directors that the exceptions under Chapter 2E of the Corporations Act and Listing Rule 10.12 may not apply in the current circumstances. Accordingly, Shareholder approval pursuant to Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 is required for the issue of Shares to Mr Noone (or his nominee).

7.3 Specific information required by Listing Rule 10.13 and section 219 of the Corporations Act

Listing Rule 10.13 and section 219 of the Corporations Act requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval for the issue of Options:

- i) The related party to whom the Executive Options will be issued is Mr Noone (or his nominee).
- ii) The maximum number of securities to be issued is 26,500,000 Executive A Options and 26,500,000 Executive B Options.
- iii) The Company will issue the Executive Options no later than one month after the date of the Meeting or such longer period of time as ASX may in its discretion allow, and it is anticipated that the issue will occur on one date.
- iv) Each Executive Option will have an issue price of nil. Each Executive Option entitles the holder to subscribe for one Share as follows:

Options	Exercise Price	Vesting Date	Expiry Date	Number of Options
Executive Options A	\$0.002	12 months from date of issue	4 years from the date of issue	8,333,334
Executive Options A	\$0.002	24 months from date of issue	5 years from the date of issue	8,333,333
Executive Options A	\$0.002	36 months from date of issue	6 years from the date of issue	8,333,333
Executive Options B	\$0.003	12 months from date of issue	4 years from the date of issue	8,333,334
Executive Options B	\$0.003	24 months from date of issue	5 years from the date of issue	8,333,333
Executive Options B	\$0.003	36 months from date of issue	6 years from the date of issue	8,333,333

Refer to Schedules 3 and 4 for the entire terms and conditions of the Executive Options A and Executive Options B, respectively. The Shares issued on exercise of the Executive Options will rank equally with the Company's existing Shares then on issue.

- v) Mr Noone has an interest in Resolution 7 and therefore believes that it is inappropriate to make a recommendation. Messrs Bunter and Carosa believe that Resolution 7 provides a cost-effective and efficient incentive for the Company to provide, as opposed to alternative forms of incentives. However, as Shareholder approval is also being sought under Resolutions 8 and 9 for the issue of Director Options to Messrs Bunter and Carosa respectively, Messrs Bunter and Carosa believe that it is inappropriate to make a recommendation.
- vi) The Black Scholes Pricing Model has been used to value the Executive Options, with the following assumptions:
- (a) the risk free rate of interest is the Australian Government bond rate corresponding to the Expiry Date:

Options	Exercise Price	Risk-free rate of interest	Bond rate	Number of Options
Executive Options A	\$0.002	2.732%	4 year	8,333,334
Executive Options A	\$0.002	2.857%	5 year	8,333,333
Executive Options A	\$0.002	2.908%	6 year	8,333,333
Executive Options B	\$0.003	2.732%	4 year	8,333,334
Executive Options B	\$0.003	2.857%	5 year	8,333,333
Executive Options B	\$0.003	2.908%	6 year	8,333,333

- (b) the underlying security spot price of \$0.002 used for the purposes of this valuation is based on the Share price of the Company as at the date of the Notice;
- (c) the estimated volatility used in the valuation is 100%;
- (d) for the purposes of the valuation, no future dividend payments have been forecast; and
- (e) for the purposes of the valuation it is assumed that the Executive Options will be issued on 20 October 2014.

Based on the above, the total of the fair value of the Executive Options is \$72,583 at 20 October 2014.

- vii) As at the date of this Notice of Meeting, Mr Noone does not hold any securities in the Company. If Shareholders approve the proposed issue of Options Mr Noone will hold a relevant interest in 53,000,000 Executive Options.
- viii) The remuneration and emoluments from the Company to Mr Noone for the current financial year and previous financial year are as follows:

	Current Financial Year ⁽¹⁾		Previous Financial Year	
	Salary and Fees \$	Options \$	Salary and Fees \$	Options \$
Director				
Mr Chris Noone	56,575	Nil	Not Applicable	Not Applicable

(1) Financial year to date (1 July 2014 to 30 September 2014).

Mr Noone was only appointed a Director on 7 August 2014.

- ix) If the Shareholders approve the issue of the Executive Options to Mr Noone, the exercise of the Executive Options will result in a dilution of all other Shareholders' holdings in the Company of 1.41% on a fully diluted basis.
- x) Historical Share price information for the last 12 months is as follows:

	Price	Date
Highest	\$0.011	28 October 2013
Lowest	\$0.001	19 September 2014
Last	\$0.002	20 October 2014

- xi) The Executive Options will be issued for nil cash consideration. Accordingly, no funds will be raised.
- xii) If Resolution 11 is passed, the Executive Options will be consolidated in accordance with the terms of that Resolution.

- xiii) Other than the information above and otherwise in this Explanatory Memorandum, the Company believes that there is no other information that would be reasonably required by Shareholders to pass Resolution 7.
- xiv) A voting exclusion statement has been included for the Resolution.

7.4 Board Recommendation

For the reasons set out in section 7.3(v) of this Explanatory Memorandum, the Board is unable to provide a recommendation in relation to this Resolution.

7.5 Proxy Voting Restrictions

Please see section 1.4 of this Explanatory Memorandum for the proxy voting restrictions that apply to this Resolution.

7.6 Voting Intention

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

8. Resolutions 8 and 9 – Approval of issue of Director Options to Directors

8.1 General

Resolutions 8 and 9 seek Shareholder approval pursuant to Listing Rule 10.11 and Chapter 2E of the Corporations Act for the issue of 20,000,000 Director Options as follows:

<u>Director</u>	<u>Number of Director Options</u>
Mr Adrian Bunter	10,000,000
Mr Domenic Carosa	10,000,000
	<u>20,000,000</u>

The Board acknowledges that the grant of Director Options to non-executive directors (Mr Adrian Bunter and Mr Domenic Carosa) is contrary to principle 8 of the Principles of Good Corporate Governance and Best Practice Recommendations. However, the Board considers the grant of Director Options to Mr Adrian Bunter and Mr Domenic Carosa is reasonable in the circumstances given the Company's size and stage of development, and that the incentives represented by the issue of the Director Options are a cost effective and efficient reward and incentive, as opposed to alternative forms of incentive, such as the payment of cash compensation.

Resolutions 8 and 9 are ordinary resolutions.

8.2 Reason approval required

Shareholder approval is required under Listing Rule 10.11 and section 208 of the Corporations Act because the non-executive directors are related parties of the Company.

Listing Rule 10.11 requires shareholder approval for the issue of securities to a related party of the Company unless an exception applies under Listing Rule 10.13.

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- i) the giving of the financial benefit falls within one of the nominated exceptions to the provision (set out in Sections 210 to 216); or
- ii) prior shareholder approval is obtained to the giving of the financial benefit (in accordance with Sections 217 to 227).

It is the view of the Directors that the exceptions under Chapter 2E of the Corporations Act and Listing Rule 10.12 may not apply in the current circumstances. Accordingly, Shareholder approval pursuant to Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 is required for the issue of Shares to Messrs Bunter and Carosa (or their nominees).

8.3 Specific information required by Listing Rule 10.13 and section 219 of the Corporations Act

Listing Rule 10.13 and section 219 of the Corporations Act requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval for the issue of Options:

- i) A total of 20,000,000 Director Options will be issued to the non-executive directors as follows:

Director	Number of Director Options
Mr Adrian Bunter	10,000,000
Mr Domenic Carosa	10,000,000
	20,000,000

- ii) The maximum number of securities to be issued is 20,000,000 Director Options.
- iii) The Company will issue the Director Options no later than one month after the date of the Meeting or such longer period of time as ASX may in its discretion allow, and it is anticipated that the issue will occur on one date.
- iv) Each Director Option will have an issue price of nil. Each Director Option entitles the holder to subscribe for one Share at an exercise price of \$0.003 per Share and will have a 4 year term from the date of issue.

Refer to Schedule 5 for the entire terms and conditions of the Director Options. The Shares issued on exercise of the Director Options will rank equally with the Company's existing Shares then on issue.

- v) Messrs Bunter and Carosa have interests in Resolutions 8 and 9 and therefore believe that it is inappropriate to make a recommendation. Mr Noone, CEO and Executive Director, believes that Resolutions 8 and 9 provide a cost-effective and efficient incentive for the Company to provide, as opposed to alternative forms of incentives. However, as Shareholder approval is being sought under Resolution 7 for the issue of Executive Options to Mr Noone, Mr Noone believes that it is inappropriate to make a recommendation.
- vi) The Black Scholes Pricing Model has been used to value the Director Options, with the following assumptions:
- (a) the risk free rate of interest of 2.732% is the Australian Government 4 year bond rate;
 - (b) the underlying security spot price of \$0.002 used for the purposes of this valuation is based on the Share price of the Company as at the date of the Notice;
 - (c) the estimated volatility used in the valuation is 100%;
 - (d) for the purposes of the valuation, no future dividend payments have been forecast; and
 - (e) for the purposes of the valuation it is assumed that the Director Options will be issued on 20 October 2014.

Based on the above, the total of the fair value of the Director Options at 20 October 2014 is as follows:

Director	Fair Value of Director Options
Mr Adrian Bunter	\$13,000
Mr Domenic Carosa	\$13,000
	\$26,000

- vii) As at the date of this Notice of Meeting, the non-executive directors have the following interests in securities of the Company:

Director	Shares	Options	Deferred Consideration Shares
Mr Adrian Bunter ¹	14,681,050	1,468,105	4,893,683
Mr Domenic Carosa ²	346,665,464	94,641,548	98,805,155

¹ Mr Bunter has an entitlement to Deferred Consideration Shares subject to Drive My Car Rentals Pty Ltd achieving the target set in the Share Sale Agreement for the purchase of that business by the Company.

² These shares are held by Tiger Domains Pty Ltd ATF Tiger Domains Unit Trust in which Mr Carosa is both a 50% shareholder and unit holder and Dominet Digital Corporation Pty Ltd ATF The Carosa Family A/C in which Mr Carosa is a beneficiary, and Future Capital Development Fund Pty Ltd in which Mr Carosa is a shareholder and director. Mr Carosa's interests have an entitlement to Deferred Consideration Shares subject to Drive My Car Rentals Pty Ltd achieving the target set in the Share Sale Agreement for the purchase of that business by the Company.

If Shareholders approve the proposed grant of the Director Options, the Directors' security holdings will be:

Director	Shares	Options	Deferred Consideration Shares
Mr Adrian Bunter ¹	14,681,050	11,468,105	4,893,683
Mr Domenic Carosa ²	346,665,464	104,641,548	98,805,155

¹ Mr Bunter has an entitlement to Deferred Consideration Shares subject to Drive My Car Rentals Pty Ltd achieving the target set in the Share Sale Agreement for the purchase of that business by the Company.

² These shares are held by Tiger Domains Pty Ltd ATF Tiger Domains Unit Trust in which Mr Carosa is both a 50% shareholder and unit holder and Dominet Digital Corporation Pty Ltd ATF The Carosa Family A/C in which Mr Carosa is a beneficiary, and Future Capital Development Fund Pty Ltd in which Mr Carosa is a shareholder and director. Mr Carosa's interests have an entitlement to Deferred Consideration Shares subject to Drive My Car Rentals Pty Ltd achieving the target set in the Share Sale Agreement for the purchase of that business by the Company.

- viii) The remuneration and emoluments from the Company to Mr Bunter and Mr Carosa for the current financial year and previous financial year are as follows:

Director	Current Financial Year ⁽¹⁾		Previous Financial Year	
	Salary and Fees \$	Options \$	Salary and Fees \$	Options \$
Mr Adrian Bunter	5,000	Nil	7,278	Nil
Mr Domenic Carosa	3,320	Nil	Not Applicable	Not Applicable

(1) Financial year to date (1 July 2014 to 30 September 2014).

Mr Carosa was only appointed a Director on 7 August 2014.

- ix) If the Shareholders approve the issue of the Director Options to the non-executive directors, the exercise of the Director Options will result in a dilution of all other Shareholders' holdings in the Company of 0.53% on a fully diluted basis.
- x) Historical Share price information for the last 12 months is set out in Resolution 7.
- xi) The Director Options will be issued for nil cash consideration. Accordingly, no funds will be raised.
- xii) If Resolution 11 is passed, the Director Options will be consolidated in accordance with the terms of that Resolution.
- xiii) Other than the information above and otherwise in this Explanatory Memorandum, the Company believes that there is no other information that would be reasonably required by Shareholders to pass Resolutions 8 and 9.
- xiv) A voting exclusion statement has been included for each Resolution.

8.4 Board Recommendation

For the reasons set out in section 8.3(v) of this Explanatory Memorandum, the Board is unable to provide a recommendation in relation to Resolutions 8 and 9.

8.5 Proxy Voting Restrictions

Please see section 1.4 of this Explanatory Memorandum for the proxy voting restrictions that apply to Resolution 8 and 9.

8.6 Voting Intention

The Chairman of the meeting intends to vote all available proxies in favour of Resolution 8 and 9.

9. Resolution 10– Approval of Additional 10% Placement Capacity

9.1 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.

Resolution 10 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.

9.2 Formula for calculating Additional 10% Placement Capacity

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 Additional Placement Period (as defined below), 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 issued 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 10 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 and if Resolution 11 is passed at this Meeting, the Company will have 273,668,385 Shares on issue and therefore, subject to Shareholder approval being sought under Resolution 10, 27,366,839 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.

10.3 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:
- the date on which the price at which the Equity Securities are to be issued is agreed; or
 - 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 10 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:
- 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
 - 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:

- examples where variable "A" is at its current level and where variable "A" has increased by 50% and 100%;
- examples of where the issue price of ordinary securities is the current market price as at close of trade on 20 October 2014, being \$0.002, (**current market price**), where the issue price is halved, and where it is doubled; and
- 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.

Variable "A"	Number of Shares issued and funds raised under the Additional 10% Placement Capacity and dilution effect	Dilution		
		\$ 0.001 Issue Price at half the current market price	\$ 0.002 Issue Price at current market price	\$ 0.004 Issue Price at double the current market price
Current Variable A 2,739,683,851 Shares	Shares issued	273,968,385	273,968,385	273,968,385
	Funds raised	\$ 273,968	\$ 547,936	\$ 1,095,874
	Dilution	10%	10%	10%
50% increase in current Variable A 4,109,525,776 Shares	Shares issued	410,925,520	410,925,520	410,925,520
	Funds raised	\$4,10,926	\$ 821,851	\$ 1,643,702
	Dilution	10%	10%	10%
100% increase in current Variable A 5,479,367,202 Shares	Shares issued	547,936,720	547,936,720	547,936,720
	Funds raised	\$ 547,936	\$ 1,095,872	\$ 2,191,744
	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:

- 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. The current shares on issue are the Shares on issue as at 20 October 2014. Please note that if Resolution 11 is passed at this meeting, the number of Shares on issue (Variable A in the formula) and will be divided by 10.
- 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 the development and marketing of the DMCR business, repayment of debt and to supplement the Company's working capital; or
- 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' allocation policy for the issue of Equity Securities under the Additional 10% Placement Capacity will be determined having regard to purpose(s) of the issue(s) and 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 development and marketing of the DMCR business 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 10.

9.4 Board recommendation

The Board recommends Shareholders vote in favour of the Resolution.

9.5 Voting intention

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

10. Resolution 11 – Consolidation of Capital

10.1 Background

Resolution 11 seeks Shareholder approval for the Company to undertake a consolidation of:

- (a) the number of Shares on issue on the basis that every 10 Shares be consolidated into 1 Shares;
- (b) the number of Options on issue on the basis of every 10 Options be consolidated into 1 Option and the exercise price of such Options will be amended in inverse proportion to this ratio in accordance with Listing Rule 7.22.1; and
- (c) the number of Notes on issue on the basis of every 10 Notes be consolidated into 1 Note and the conversion price of such Notes will be amended in inverse proportion to this ratio in accordance with the terms of the Notes,

(together, the **Consolidation**).

The purpose of the Consolidation is to implement a more appropriate capital structure for the Company going forward and to enable the Company to satisfy Chapters 1 and 2 of the Listing Rules and obtain re-quotation of the Shares on ASX.

This section of the Explanatory Memorandum provides the information required by Listing Rule 7.20 to be provided to Shareholders in relation to the Consolidation.

10.2 Legal requirements

Section 254H of the Corporations Act enables a company to convert all or any of its securities into a smaller number of securities by a resolution passed at a general meeting. The conversion proposed by Resolution 11 is permitted under section 254H of the Corporations Act.

The Listing Rules also require that the number of Options on issue be consolidated in the same ratio as the ordinary capital and the exercise price amended in inverse proportion to that ratio.

The terms of the Notes and Listing Rule 7.21 require that the number of Notes on issue be consolidated in the same ratio as the ordinary capital and the conversion price amended in inverse proportion to that ratio.

10.3 Fractional entitlements and taxation

Not all Shareholders, Optionholders and Noteholders will hold that number of Shares, Options and Notes which can be evenly divided by 10. Where a fractional entitlement occurs, the Directors will round that fraction down to the nearest whole Share, Option and Note.

It is not considered that any taxation consequences will exist for Shareholders, Optionholders and Noteholders arising from the Consolidation. However, Shareholders, Optionholders and Noteholders are advised to seek their own tax advice on the effect of the Consolidation and neither the Company nor the Directors (or the Company's advisers) accept any responsibility for the individual taxation consequences arising from the Consolidation.

10.4 Holding certificates and option certificates

From the date of the Consolidation:

- (a) all holding statements for Shares will cease to have any effect, except as evidence of entitlement to a certain number of Shares on a post-Consolidation basis;
- (b) all certificates for unlisted Options (if any) will cease to have any effect, except as evidence of entitlement to a certain number of Options on a post-Consolidation basis;
- (c) all certificates for Notes will cease to have any effect, except as evidence of entitlement to a certain number of Notes on a post-Consolidation basis;
- (d) after the Consolidation becomes effective, the Company will arrange for new holding statements for Shares to be issued to Shareholders, new certificates for Notes to be issued to Noteholders, and to the extent required, new certificates for unlisted Options to be issued to Optionholders; and
- (e) it is the responsibility of each Shareholder or Optionholder to check the number of Shares or Options held prior to disposal or exercise (as the case may be).

10.5 Effect on capital structure

The effect which the Consolidation will have on the capital structure of the Company is as follows:

	Number of Shares	Number of Options	Number of Notes
Balance at the date of the Meeting	2,736,683,851	1,020,869,292	18,750,000
To be issued pursuant to Resolution 7	-	53,000,000	-
To be issued pursuant to Resolutions 8 and 9	-	20,000,000	-
Post Consolidation	273,668,385	109,386,929	1,875,000

10.6 Timetable for the Consolidation

If approved by the Shareholders, the proposed Consolidation will take effect on 11 December 2014. The following is an indicative timetable (subject to change) of the key events:

Key Event	Indicative Date
General Meeting	28 November 2014
Notification to the ASX that the Consolidation is approved	28 November 2014
Last day for trading in pre-consolidated securities	1 December 2014
Trading in the consolidated securities on a deferred settlement basis commences	2 December 2014
Last day to register transfers on a pre-consolidation basis	4 December 2014
Registration of securities on a post-consolidation basis	5 December 2014
Despatch of new holding statements	
Deferred settlement trading ends	11 December 2014
Normal trading starts	12 December 2014

10.7 Board recommendation

The Board recommends Shareholders vote in favour of the Resolution.

10.8 Voting intention

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

11. Resolution 12 – Section 195 Approval

11.1 Background

In accordance with Section 195 of the Corporations Act, a director of a public company may not vote or be present during meetings of directors when matters in which the director holds a “material personal interest” are being considered.

The Directors (other than Mr Gyaneshwar) consider that they may have a material personal interest in the outcome of Resolutions 7, 8 and 9.

In the absence of Resolution 12, the Directors may not be able to form a quorum at directors meetings necessary to carry out the terms of Resolutions 7, 8 and 9.

The Directors accordingly exercise their right under Section 195(4) of the Corporations Act to put the issue to Shareholders to resolve.

Resolution 12 is an ordinary resolution.

11.2 Board recommendation

The Board recommends Shareholders vote in favour of the Resolution.

11.3 Voting intention

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

DEFINITIONS

\$ means an Australian dollar.

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

ASIC means the Australian Securities & Investments Commission.

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.

Corporations Act means the Corporations Act 2001 (Cth).

Convertible Note or **Note** means a convertible note in the Company issued on the terms and conditions set out in Schedule 6 to this Explanatory Memorandum.

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

EDST means Eastern Daylight Savings Time.

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

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.

Listing Rules means the official listing rules of the ASX.

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

Noteholder means a holder of a Convertible Note.

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

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

Optionholder means an optionholder of the Company.

Remuneration Report means the remuneration report as contained in the Directors' report section of the Company's annual financial report for the year ended 30 June 2014.

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

Shareholder means a shareholder of the Company.

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

WST means Australian Western Standard Time.

SCHEDULE 1

Terms and Conditions of Tranche 1 Options

The Tranche 1 Options entitle the holder to subscribe for Shares on the following terms and conditions:

- a) *Exercise Price*
The exercise price of each Option is \$0.002.
- b) *Entitlement*
Each Option shall entitle the holder the right to subscribe (in cash) for one Share in the capital of the Company.
- c) *Option Period*
The Options will expire at 5.00pm WST on 2 October 2017 (**Expiry Date**). Subject to clause (g), Options may be exercised at any time prior to the Expiry Date and Options not so exercised shall automatically lapse on the Expiry Date.
- d) *Ranking of Share Allotted on Exercise of Option*
Each Share allotted as a result of the exercise of any Option will, subject to the Constitution of the Company, rank in all respects pari passu with the existing Shares in the capital of the Company on issue at the date of allotment.
- e) *Voting*
A registered owner of an Option (**Option Holder**) will not be entitled to attend or vote at any meeting of the members of the Company unless they are, in addition to being an Option Holder, a member of the Company.
- f) *Transfer of an Option*
Options are transferrable at any time prior to the Expiry Date. This right is subject to any restrictions on the transfer of Options that may be imposed by the ASX in circumstances where the Company is listed on the ASX.
- g) *Method of Exercise of an Option*
 - (i) The Company will provide to each Option Holder a notice that is to be completed when exercising the Options (**Notice of Exercise of Options**). Options may be exercised by the Option Holder by completing the Notice of Exercise of Options and forwarding the same to the Company Secretary to be received prior to the expiry date. The Notice of Exercise of Options must state the number of Options exercised and the consequent number of ordinary shares in the capital of the Company to be allotted; which number of Options must be a multiple of 2,500 if only part of the Option Holder's total Options are exercised, or if the total number of Options held by an Option Holder is less than 2,500, then the total of all Options held by that Option Holder must be exercised.
 - (ii) The Notice of Exercise of Options by an Option Holder must be accompanied by payment in full for the relevant number of shares being subscribed, being an amount of \$0.002 per Share.
 - (iii) Subject to paragraph (g)(i) above, the exercise of less than all of an Option Holder's Options will not prevent the Option Holder from exercising the whole or any part of the balance of the Option Holder's entitlement under the Option Holder's remaining Options.
 - (iv) Within 14 business days from the date the Option Holder properly exercises Options held by the Option Holder, the Company shall issue and allot to the Option Holder that number of Shares in the capital of the Company so subscribed for by the Option Holder.
 - (v) If the Company is listed on the ASX, the Company will within 3 business days from the date of issue and allotment of Shares pursuant to the exercise of an Option, apply to the ASX for, and use its best endeavours to obtain, Official Quotation of all such Shares, in accordance with the Corporations Act and the Listing Rules of the ASX.
 - (vi) The Company will generally comply with the requirements of the Listing Rules in relation to the timetables imposed when quoted Options are due to expire. Where there shall be any inconsistency between the timetables outlined herein regarding the expiry of the Options and the timetable outlined in the Listing Rules, the timetable outlined in the Listing Rules shall apply.
- h) *ASX Quotation*
The Company will not apply for quotation of the Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 3 business days after the date of allotment of those Shares.
- i) *Reconstruction*
In the event of a reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Option Holder will be changed to the extent necessary to comply with the Corporations Act and ASX Listing Rules applying to the reconstruction of capital, at the time of the reconstruction.
- j) *Participation in New Share Issues*
There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its shareholders from time to time prior to the Expiry Date unless and until the Options are exercised. The Company will ensure that during the exercise period, the record date for the purposes of determining entitlements to any new such issue, will be at least five (5) business days after such new issues are announced (or such other date if required under the Listing Rules) in order to afford the Option Holder an opportunity to exercise the Options held by the Option Holder.
- k) *No Change of Options' Exercise Price or Number of Underlying Shares*
There are no rights to change the exercise price of the Options or the number of underlying Shares if there is a bonus issue to the holders of ordinary shares. If the Company makes a pro rata issue of securities (except a bonus issue) to the holders of ordinary shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend investment) the Option exercise price shall be reduced according to the formula specified in the Listing Rules.

SCHEDULE 2

Terms and Conditions of Tranche 2 Options

The Tranche Options 2 entitle the holder to subscribe for Shares on the following terms and conditions:

- a) *Exercise Price*
The exercise price of each Option is \$0.003.
- b) *Entitlement*
Each Option shall entitle the holder the right to subscribe (in cash) for one Share in the capital of the Company.
- c) *Option Period*
The Options will expire at 5.00pm WST on 2 October 2017 (**Expiry Date**). Subject to clause (g), Options may be exercised at any time prior to the Expiry Date and Options not so exercised shall automatically lapse on the Expiry Date.
- d) *Ranking of Share Allotted on Exercise of Option*
Each Share allotted as a result of the exercise of any Option will, subject to the Constitution of the Company, rank in all respects pari passu with the existing Shares in the capital of the Company on issue at the date of allotment.
- e) *Voting*
A registered owner of an Option (**Option Holder**) will not be entitled to attend or vote at any meeting of the members of the Company unless they are, in addition to being an Option Holder, a member of the Company.
- f) *Transfer of an Option*
Options are transferrable at any time prior to the Expiry Date. This right is subject to any restrictions on the transfer of Options that may be imposed by the ASX in circumstances where the Company is listed on the ASX.
- g) *Method of Exercise of an Option*
 - (i) The Company will provide to each Option Holder a notice that is to be completed when exercising the Options (**Notice of Exercise of Options**). Options may be exercised by the Option Holder by completing the Notice of Exercise of Options and forwarding the same to the Company Secretary to be received prior to the Expiry Date. The Notice of Exercise of Options must state the number of Options exercised and the consequent number of ordinary shares in the capital of the Company to be allotted; which number of Options must be a multiple of 2,500 if only part of the Option Holder's total Options are exercised, or if the total number of Options held by an Option Holder is less than 2,500, then the total of all Options held by that Option Holder must be exercised.
 - (ii) The Notice of Exercise of Options by an Option Holder must be accompanied by payment in full for the relevant number of shares being subscribed, being an amount of \$0.003 per Share.
 - (iii) Subject to paragraph (g)(i) above, the exercise of less than all of an Option Holder's Options will not prevent the Option Holder from exercising the whole or any part of the balance of the Option Holder's entitlement under the Option Holder's remaining Options.
 - (iv) Within 14 business days from the date the Option Holder properly exercises Options held by the Option Holder, the Company shall issue and allot to the Option Holder that number of Shares in the capital of the Company so subscribed for by the Option Holder.
 - (v) If the Company is listed on the ASX, the Company will within 3 business days from the date of issue and allotment of Shares pursuant to the exercise of an Option, apply to the ASX for, and use its best endeavours to obtain, Official Quotation of all such Shares, in accordance with the Corporations Act and the Listing Rules of the ASX.
 - (vi) The Company will generally comply with the requirements of the Listing Rules in relation to the timetables imposed when quoted Options are due to expire. Where there shall be any inconsistency between the timetables outlined herein regarding the expiry of the Options and the timetable outlined in the Listing Rules, the timetable outlined in the Listing Rules shall apply.
- h) *ASX Quotation*
The Company will not apply for quotation of the Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 3 business days after the date of allotment of those Shares.
- i) *Reconstruction*
In the event of a reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Option Holder will be changed to the extent necessary to comply with the Corporations Act and ASX Listing Rules applying to the reconstruction of capital, at the time of the reconstruction.
- j) *Participation in New Share Issues*
There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its shareholders from time to time prior to the Expiry Date unless and until the Options are exercised. The Company will ensure that during the exercise period, the record date for the purposes of determining entitlements to any new such issue, will be at least five (5) business days after such new issues are announced (or such other date if required under the Listing Rules) in order to afford the Option Holder an opportunity to exercise the Options held by the Option Holder.
- k) *No Change of Options' Exercise Price or Number of Underlying Shares*
There are no rights to change the exercise price of the Options or the number of underlying Shares if there is a bonus issue to the holders of ordinary shares. If the Company makes a pro rata issue of securities (except a bonus issue) to the holders of ordinary shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend investment) the Option exercise price shall be reduced according to the formula specified in the Listing Rules.

SCHEDULE 3

Terms and Conditions of Executive Options A

The Executive Options A entitle the holder to subscribe for Shares on the following terms and conditions:

- a) *Exercise Price*
The exercise price of each Option is \$0.002.
- b) *Entitlement*
Each Option shall entitle the holder the right to subscribe (in cash) for one Share in the capital of the Company.
- c) *Vesting and Option Period*
8,833,334 Options will vest and be exercisable at any time during the period of 3 years from the date that is 12 months after the date of issue.
8,833,333 Options will vest and be exercisable at any time during the period of 3 years from the date that is 24 months after the date of issue.
8,833,333 Options will vest and be exercisable at any time during the period of 3 years from the date that is 24 months after the date of issue.
Subject to clause (g), Options may be exercised at any time prior to the expiry date and Options not so exercised shall automatically lapse on the expiry date.
- d) *Ranking of Share Allotted on Exercise of Option*
Each Share allotted as a result of the exercise of any Option will, subject to the Constitution of the Company, rank in all respects pari passu with the existing Shares in the capital of the Company on issue at the date of allotment.
- e) *Voting*
A registered owner of an Option (**Option Holder**) will not be entitled to attend or vote at any meeting of the members of the Company unless they are, in addition to being an Option Holder, a member of the Company.
- f) *Transfer of an Option*
Options are transferrable at any time prior to the expiry date. This right is subject to any restrictions on the transfer of Options that may be imposed by the ASX in circumstances where the Company is listed on the ASX.
- g) *Method of Exercise of an Option*
 - (i) The Company will provide to each Option Holder a notice that is to be completed when exercising the Options (**Notice of Exercise of Options**). Options may be exercised by the Option Holder by completing the Notice of Exercise of Options and forwarding the same to the Company Secretary to be received prior to the expiry date. The Notice of Exercise of Options must state the number of Options exercised and the consequent number of ordinary shares in the capital of the Company to be allotted; which number of Options must be a multiple of 2,500 if only part of the Option Holder's total Options are exercised, or if the total number of Options held by an Option Holder is less than 2,500, then the total of all Options held by that Option Holder must be exercised.
 - (ii) The Notice of Exercise of Options by an Option Holder must be accompanied by payment in full for the relevant number of shares being subscribed, being an amount of \$0.003 per Share.
 - (iii) Subject to paragraph (g)(i) above, the exercise of less than all of an Option Holder's Options will not prevent the Option Holder from exercising the whole or any part of the balance of the Option Holder's entitlement under the Option Holder's remaining Options.
 - (iv) Within 14 business days from the date the Option Holder properly exercises Options held by the Option Holder, the Company shall issue and allot to the Option Holder that number of Shares in the capital of the Company so subscribed for by the Option Holder.
 - (v) If the Company is listed on the ASX, the Company will within 3 business days from the date of issue and allotment of Shares pursuant to the exercise of an Option, apply to the ASX for, and use its best endeavours to obtain, Official Quotation of all such Shares, in accordance with the Corporations Act and the Listing Rules of the ASX.
 - (vi) The Company will generally comply with the requirements of the Listing Rules in relation to the timetables imposed when quoted Options are due to expire. Where there shall be any inconsistency between the timetables outlined herein regarding the expiry of the Options and the timetable outlined in the Listing Rules, the timetable outlined in the Listing Rules shall apply.
- h) *ASX Quotation*
The Company will not apply for quotation of the Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 3 business days after the date of allotment of those Shares.
- i) *Reconstruction*
In the event of a reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Option Holder will be changed to the extent necessary to comply with the Corporations Act and ASX Listing Rules applying to the reconstruction of capital, at the time of the reconstruction.
- j) *Participation in New Share Issues*
There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its shareholders from time to time prior to the expiry date unless and until the Options are exercised. The Company will ensure that during the exercise period, the record date for the purposes of determining entitlements to any new such issue, will be at least five (5) business days after such new issues are announced (or such other date if required under the Listing Rules) in order to afford the Option Holder an opportunity to exercise the Options held by the Option Holder.
- k) *No Change of Options' Exercise Price or Number of Underlying Shares*
There are no rights to change the exercise price of the Options or the number of underlying Shares if there is a bonus issue to the holders of ordinary shares. If the Company makes a pro rata issue of securities (except a bonus issue) to the holders of ordinary shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend investment) the Option exercise price shall be reduced according to the formula specified in the Listing Rules.

SCHEDULE 4

Terms and Conditions of Executive Options B

The Executive Options B entitle the holder to subscribe for Shares on the following terms and conditions:

- a) *Exercise Price*
The exercise price of each Option is \$0.003.
- b) *Entitlement*
Each Option shall entitle the holder the right to subscribe (in cash) for one Share in the capital of the Company.
- c) *Option Period*
8,833,334 Options will vest and be exercisable at any time during the period of 3 years from the date that is 12 months after the date of issue.
8,833,333 Options will vest and be exercisable at any time during the period of 3 years from the date that is 24 months after the date of issue.
8,833,333 Options will vest and be exercisable at any time during the period of 3 years from the date that is 36 months after the date of issue.
Subject to clause (g), Options may be exercised at any time prior to the expiry date and Options not so exercised shall automatically lapse on the expiry date.
- d) *Ranking of Share Allotted on Exercise of Option*
Each Share allotted as a result of the exercise of any Option will, subject to the Constitution of the Company, rank in all respects pari passu with the existing Shares in the capital of the Company on issue at the date of allotment.
- e) *Voting*
A registered owner of an Option (**Option Holder**) will not be entitled to attend or vote at any meeting of the members of the Company unless they are, in addition to being an Option Holder, a member of the Company.
- f) *Transfer of an Option*
Options are transferrable at any time prior to the expiry date. This right is subject to any restrictions on the transfer of Options that may be imposed by the ASX in circumstances where the Company is listed on the ASX.
- g) *Method of Exercise of an Option*
 - (i) The Company will provide to each Option Holder a notice that is to be completed when exercising the Options (**Notice of Exercise of Options**). Options may be exercised by the Option Holder by completing the Notice of Exercise of Options and forwarding the same to the Company Secretary to be received prior to the expiry date. The Notice of Exercise of Options must state the number of Options exercised and the consequent number of ordinary shares in the capital of the Company to be allotted; which number of Options must be a multiple of 2,500 if only part of the Option Holder's total Options are exercised, or if the total number of Options held by an Option Holder is less than 2,500, then the total of all Options held by that Option Holder must be exercised.
 - (ii) The Notice of Exercise of Options by an Option Holder must be accompanied by payment in full for the relevant number of shares being subscribed, being an amount of \$0.003 per Share.
 - (iii) Subject to paragraph (g)(i) above, the exercise of less than all of an Option Holder's Options will not prevent the Option Holder from exercising the whole or any part of the balance of the Option Holder's entitlement under the Option Holder's remaining Options.
 - (iv) Within 14 business days from the date the Option Holder properly exercises Options held by the Option Holder, the Company shall issue and allot to the Option Holder that number of Shares in the capital of the Company so subscribed for by the Option Holder.
 - (v) If the Company is listed on the ASX, the Company will within 3 business days from the date of issue and allotment of Shares pursuant to the exercise of an Option, apply to the ASX for, and use its best endeavours to obtain, Official Quotation of all such Shares, in accordance with the Corporations Act and the Listing Rules of the ASX.
 - (vi) The Company will generally comply with the requirements of the Listing Rules in relation to the timetables imposed when quoted Options are due to expire. Where there shall be any inconsistency between the timetables outlined herein regarding the expiry of the Options and the timetable outlined in the Listing Rules, the timetable outlined in the Listing Rules shall apply.
- h) *ASX Quotation*
The Company will not apply for quotation of the Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 3 business days after the date of allotment of those Shares.
- i) *Reconstruction*
In the event of a reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Option Holder will be changed to the extent necessary to comply with the Corporations Act and ASX Listing Rules applying to the reconstruction of capital, at the time of the reconstruction.
- j) *Participation in New Share Issues*
There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its shareholders from time to time prior to the expiry date unless and until the Options are exercised. The Company will ensure that during the exercise period, the record date for the purposes of determining entitlements to any new such issue, will be at least five (5) business days after such new issues are announced (or such other date if required under the Listing Rules) in order to afford the Option Holder an opportunity to exercise the Options held by the Option Holder.
- k) *No Change of Options' Exercise Price or Number of Underlying Shares*
There are no rights to change the exercise price of the Options or the number of underlying Shares if there is a bonus issue to the holders of ordinary shares. If the Company makes a pro rata issue of securities (except a bonus issue) to the holders of ordinary shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend investment) the Option exercise price shall be reduced according to the formula specified in the Listing Rules.

SCHEDULE 5

Terms and Conditions of Director Options

The Director Options entitle the holder to subscribe for Shares on the following terms and conditions:

- a) *Exercise Price*

The exercise price of each Option is \$0.003.
- b) *Entitlement*

Each Option shall entitle the holder the right to subscribe (in cash) for one Share in the capital of the Company.
- c) *Option Period*

The Options will have an expiry date of 4 years from the date of issue (**Expiry Date**). Subject to clause (g), Options may be exercised at any time prior to the Expiry Date and Options not so exercised shall automatically lapse on the Expiry Date.
- d) *Ranking of Share Allotted on Exercise of Option*

Each Share allotted as a result of the exercise of any Option will, subject to the Constitution of the Company, rank in all respects pari passu with the existing Shares in the capital of the Company on issue at the date of allotment.
- e) *Voting*

A registered owner of an Option (**Option Holder**) will not be entitled to attend or vote at any meeting of the members of the Company unless they are, in addition to being an Option Holder, a member of the Company.
- f) *Transfer of an Option*

Options are transferrable at any time prior to the Expiry Date. This right is subject to any restrictions on the transfer of Options that may be imposed by the ASX in circumstances where the Company is listed on the ASX.
- g) *Method of Exercise of an Option*
 - (i) The Company will provide to each Option Holder a notice that is to be completed when exercising the Options (**Notice of Exercise of Options**). Options may be exercised by the Option Holder by completing the Notice of Exercise of Options and forwarding the same to the Company Secretary to be received prior to the expiry date. The Notice of Exercise of Options must state the number of Options exercised and the consequent number of ordinary shares in the capital of the Company to be allotted; which number of Options must be a multiple of 2,500 if only part of the Option Holder's total Options are exercised, or if the total number of Options held by an Option Holder is less than 2,500, then the total of all Options held by that Option Holder must be exercised.
 - (ii) The Notice of Exercise of Options by an Option Holder must be accompanied by payment in full for the relevant number of shares being subscribed, being an amount of \$0.003 per Share.
 - (iii) Subject to paragraph (g)(i) above, the exercise of less than all of an Option Holder's Options will not prevent the Option Holder from exercising the whole or any part of the balance of the Option Holder's entitlement under the Option Holder's remaining Options.
 - (iv) Within 14 business days from the date the Option Holder properly exercises Options held by the Option Holder, the Company shall issue and allot to the Option Holder that number of Shares in the capital of the Company so subscribed for by the Option Holder.
 - (v) If the Company is listed on the ASX, the Company will within 3 business days from the date of issue and allotment of Shares pursuant to the exercise of an Option, apply to the ASX for, and use its best endeavours to obtain, Official Quotation of all such Shares, in accordance with the Corporations Act and the Listing Rules of the ASX.
 - (vi) The Company will generally comply with the requirements of the Listing Rules in relation to the timetables imposed when quoted Options are due to expire. Where there shall be any inconsistency between the timetables outlined herein regarding the expiry of the Options and the timetable outlined in the Listing Rules, the timetable outlined in the Listing Rules shall apply.
- h) *ASX Quotation*

The Company will not apply for quotation of the Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 3 business days after the date of allotment of those Shares.
- i) *Reconstruction*

In the event of a reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Option Holder will be changed to the extent necessary to comply with the Corporations Act and ASX Listing Rules applying to the reconstruction of capital, at the time of the reconstruction.
- j) *Participation in New Share Issues*

There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its shareholders from time to time prior to the Expiry Date unless and until the Options are exercised. The Company will ensure that during the exercise period, the record date for the purposes of determining entitlements to any new such issue, will be at least five (5) business days after such new issues are announced (or such other date if required under the Listing Rules) in order to afford the Option Holder an opportunity to exercise the Options held by the Option Holder.
- k) *No Change of Options' Exercise Price or Number of Underlying Shares*

There are no rights to change the exercise price of the Options or the number of underlying Shares if there is a bonus issue to the holders of ordinary shares. If the Company makes a pro rata issue of securities (except a bonus issue) to the holders of ordinary shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend investment) the Option exercise price shall be reduced according to the formula specified in the Listing Rules.

SCHEDULE 6

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 12 December 2014 (**Maturity Date**);
 - (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 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 ABN 60 066 153 982 to be held at Level 5, 181 Miller Street, North Sydney, NSW 2060 at 2.00 pm (EDST) on Friday, 28 November 2014 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.

Chairman authorised to exercise proxies on remuneration-related matters: If I/we appoint the Chairman of the Meeting as my/our proxy (or the Chairman of the Meeting becomes your proxy by default), I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy in respect of Resolutions 1, 7, 8 and 9 even though that item is connected directly or indirectly with the remuneration of a member of key management personnel of Qanda Technology Ltd, which may include the Chairman. I/we acknowledge that if the Chairman of the Meeting is my/our proxy and I/we have not marked any of the boxes opposite Resolutions 1 to 12, the Chairman of the Meeting intends to vote my/our proxy in favour of Items Resolutions 1 to 12.

Note: You can direct the Chairman how to vote by marking the boxes in Section 2 below (for example if you wish to vote against or abstain from voting).

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 Adrian Bunter	☐	☐	☐
3. Re-election of Director – Mr Chris Noone	☐	☐	☐
4. Re-election of Director – Mr Domenic Carosa	☐	☐	☐
5. Change of Company Name	☐	☐	☐
6. Approval and Ratification of the issue of Shares and Options	☐	☐	☐
7. Approval of issue of Executive Options to Director	☐	☐	☐
8. Approval of issue of Director Options to Director	☐	☐	☐
9. Approval of issue of Director Options to Director	☐	☐	☐
10. Approval of Additional 10% Placement Capacity	☐	☐	☐
11. Consolidation of Capital	☐	☐	☐
12. Section 195 Approval	☐	☐	☐

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.

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. 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 Ltd:-

PO Box 356
West Perth, WA 6872

Fax: (61 8) 9321 0721

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.