



NOTICE OF ANNUAL GENERAL MEETING EXPLANATORY STATEMENT & PROXY FORM

TIME: 11.00am (EST time)
DATE: 27 November 2014
PLACE: Ground Floor
365 Little Collins Street
Melbourne, VICTORIA

This is an important document. Please read it carefully. If you are in doubt as to what you should do, please contact the Company, your stockbroker or other professional advisor.

Panorama Synergy Limited

ACN 060 369 048

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting (**Meeting**) of shareholders of Panorama Synergy Limited (**Company**) will be held at 365 Little Collins Street, Melbourne, Victoria on 27 November 2014 at 11.00am (EST time).

The Explanatory Statement to this Notice of Annual General Meeting (**Notice**) provides additional information on matters to be considered at the Meeting. The Explanatory Statement and the Proxy Form forms part of this Notice.

Items of Business

1. Financial Statements and Reports

To receive the Financial Report of the Company for the year ended 30 June 2014, together with the Directors' Report and the Auditor's Report (**Annual Report**) tabled by the Chair of the Meeting and signed for the purposes of identification.

The law requires Directors to lay before the meeting of shareholders the Annual Report for the year.

The Company's Annual Report is available on the Company's website at www.panoramasynergy.com. Alternatively, shareholders can request hard copies by telephoning the Company Secretary's office on 02 8226 3302.

Note: This item of business is for discussion and is not a resolution. However, pursuant to the Corporations Act, shareholders will be given a reasonable opportunity at the Meeting to ask questions about, or make comments in relation to, each of the aforementioned reports during the consideration of these items.

RESOLUTIONS:

Resolution 1: Adoption of Remuneration Report

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

"That, for the purposes of section 250R of the Corporations Act and for all other purposes the Remuneration Report for the year ended 30 June 2014 forming part of the Company's Annual Report be adopted".

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

Voting Exclusion Statement for Resolution 1

The Company will disregard any votes cast on this resolution by:

- (a) a member of the key management personnel, details of whose remuneration is included in the Remuneration Report; and
- (b) an associate of that member of the key management personnel.

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 the directions on the proxy form; or

- (d) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 2: Change to Upper Limit of Directors' Remuneration

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

"That, the annual remuneration payable to the non-executive directors of the Company be increased to \$750,000".

Voting Exclusion Statement for Resolution 2

The Company will disregard any votes cast on this resolution by:

- (a) a Director of the Company; and
- (b) an associate of any person in (a) above.

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

Resolution 3: Re-election of Terry Walsh as a Director

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

"That Terry Walsh who retires by rotation as a director of the Company in accordance with Clause 13.2 of the Company's Constitution and, being eligible, having offered himself for re-election, be re-elected a director of the Company immediately upon the close of this Meeting".

Resolution 4: Re-election of Dr Jason Chaffey as a Director

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

"That Dr Jason Chaffey who retires by rotation as a director of the Company in accordance with Clause 13.2 of the Company's Constitution and, being eligible, having offered himself for re-election, be re-elected a director of the Company immediately upon the close of this Meeting".

Resolution 5: Ratification of Prior Issue of Shares

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

"That for the purpose of ASX Listing Rule 7.4 and for all other purposes, the issue by the Company of 29,700,000 fully paid ordinary shares in December 2013 on the terms and conditions described in the Explanatory Statement accompanying this Notice be ratified and approved by the shareholders."

Voting Exclusion Statement for Resolution 5

The Company will disregard any votes cast on this resolution by:

- (a) any persons who participated in the issue of this issue of shares or any person who obtained a benefit; and
- (b) an associate of any person in (a) above.

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

Resolution 6: Ratification of Prior Issue of Shares

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

“That for the purpose of ASX Listing Rule 7.4 and for all other purposes, the issue by the Company of 19,565,000 fully paid ordinary shares in September 2014 on the terms and conditions described in the Explanatory Statement accompanying this Notice be ratified and approved.”

Voting Exclusion Statement for Resolution 6

The Company will disregard any votes cast on this resolution by:

- (a) any persons who participated in the issue of this issue of shares or any person who obtained a benefit; and
- (b) an associate of any person in (a) above.

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

Resolution 7: Options Incentive Plan

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

“That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rules 10.14 and for all other purposes, approval is given for the Directors to grant and issue a maximum of 16,500,000 Options in aggregate to those persons identified in the Explanatory Statement accompanying this Notice (or their respective nominees) and any issue of Shares to them (or their nominees) upon the exercise of such options on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Voting Exclusion Statement for Resolution 7

The Company will disregard any votes cast on this resolution by:

- (a) any persons who may participate in the issue of the Option Incentive Plan and any person who may obtain a benefit from the Option Incentive Plan; and
- (b) an associate of any person in (a) above.

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

Resolution 8: Approval of issue of Equity Securities for the purpose of ASX Listing Rule 7.1A

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

"That for the purpose of ASX Listing Rule 7.1A and for all other purposes, the issue by the Company of equity securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the prescribed formula in Listing Rule 7.1A.2, be approved on the terms and conditions described in the Explanatory Statement accompanying this Notice."

Voting Exclusion Statement for Resolution 8

As at the date of this Notice, the Company does not yet know, nor has it formed an intention in relation to how it will decide, which parties it may approach to participate in any issue that may ultimately be made. Therefore, no shareholders will be excluded from voting on Resolution 7 as no shareholder currently has an interest in the outcome of the Resolution that is potentially different from that of any other shareholder.

Resolution 9 - Grant of Options to Terry Walsh (a Director)

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

"That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rules 10.11 and for all other purposes, approval is given for the Directors to grant and issue a maximum of 3,300,000 Options to Mr Terry Walsh (or his nominee) and any issue of Shares to him (or his nominee) upon the exercise of such options on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

Voting Exclusion Statement for Resolution 9

The Company will disregard any votes cast on this resolution by:

- (a) Terry Walsh (or his nominee); and
- (b) an associate of Terry Walsh (or his nominee).

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

Resolution 10 - Grant of Options to Aidan Montague (a Director)

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

“That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rules 10.11 and for all other purposes, approval is given for the Directors to grant and issue a maximum of 3,300,000 Options to Aidan Montague (or his nominee) and any issue of Shares to him (or his nominee) upon the exercise of such options on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Voting Exclusion Statement for Resolution 10

The Company will disregard any votes cast on this resolution by:

- (a) Aidan Montague (or his nominee); and
- (b) an associate of Aidan Montague (or his nominee).

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

Resolution 11 - Grant of Options to Jeff Braysich (a Director)

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

“That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rules 10.11 and for all other purposes, approval is given for the Directors to grant and issue a maximum of 3,300,000 Options to Jeff Braysich (or his nominee) and any issue of Shares to him (or his nominee) upon the exercise of such options on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Voting Exclusion Statement for Resolution 11

The Company will disregard any votes cast on this resolution by:

- (a) Jeff Braysich (or his nominee); and
- (b) an associate of Jeff Braysich (or his nominee).

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

Resolution 12 – Grant of Options to Anthony Karam (Senior Executive)

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

“That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rules 10.11 and for all other purposes, approval is given for the Directors to grant and issue a maximum of 3,300,000 Options to Mr Anthony Karam (or his nominee) and any issue of Shares to him (or his

nominee) upon the exercise of such options on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Voting Exclusion Statement for Resolution 12

The Company will disregard any votes cast on this resolution by:

- (a) Anthony Karam (or his nominee); and
- (b) an associate of Anthony Karam (or his nominee).

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

Resolution 13 - Grant of Options to Jason Chaffey (a Director)

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

“That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rules 10.11 and for all other purposes, approval is given for the Directors to grant and issue a maximum of 3,300,000 Options to Jason Chaffey (or his nominee) and any issue of Shares to him (or his nominee) upon the exercise of such options on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Voting Exclusion Statement for Resolution 13

The Company will disregard any votes cast on this resolution by:

- (a) Jason Chaffey (or his nominee); and
- (b) an associate of Jason Chaffey (or his nominee).

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

BY ORDER OF THE BOARD



Anthony Karam
Company Secretary

Dated this 27 October 2014

Explanatory Statement

This Explanatory Statement is for the information of shareholders in connection with the business to be conducted at the Annual General Meeting (**Meeting**) to be held at Ground Floor, 365 Little Collins Street, Melbourne, Victoria on 27 November 2014 at 11.00 am (EST).

The Directors recommend that shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions. If in any doubt about how you should vote, consult your financial or other professional adviser.

The following information should be noted in respect of the various matters contained in the accompanying Notice.

Resolution 1: Non-Binding Resolution to Adopt Remuneration Report

In accordance with section 250R(2) of the Corporations Act the Company is required to present to its shareholders the Remuneration Report as disclosed on pages 9 – 14 in the Company's Annual Report. The vote on the resolution is advisory only and does not bind the Company or the Directors. The Remuneration Report is set out in the Company's Annual Report 2014 and is also available on the Company's website (www.panoramasynergy.com).

The Remuneration Report explains the Board policies in relation to the nature and level of remuneration paid to Directors, sets out remuneration details for each Director and any service agreements and sets out the details of any share based compensation.

At the Company's 2013 AGM, in excess of 75% of the votes cast were for the adoption of the 2013 Remuneration Report.

Voting

Note that a voting exclusion applies to Resolution 1 in the terms set out in the Notice of Meeting. In particular, the directors and other restricted voters may not vote on this Resolution and may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. The Chair will use any such proxies to vote in favour of the Resolution and will vote any undirected proxies in favour of the Resolution.

Resolution 2: Change to Upper Limit of Non-Executive Directors' Remuneration

Pursuant to Listing Rule 10 and the Company Constitution (rule 13.8) non-executive directors' remuneration may be approved by members in general meeting.

Since the last shareholders approval was obtained, the progress of the Company has been substantial. The progress of the Company has led to an increase of activity by the Company and accordingly by the board. This increase in activity will demand an increase in the time requirements of the directors to the Company business and an increase in the responsibilities of the directors. Inevitably it is expected to also require the enlarging of the Board.

The resolution seeks shareholder approval to provide an aggregate maximum amount of up to \$750,000 per annum (inclusive of superannuation guarantee contributions) to be apportioned by the Board to reflect the increased responsibility and time demands of each director in the execution of their duties.

Resolution 3: Re-Election of Mr Walsh as a Director

The Company's Constitution provides that at each annual general meeting, one-third of the Directors must retire from office. However, each Director who so retires is eligible for re-election.

Mr Walsh will retire as a director of the Company in accordance with the Company's Constitution and, being eligible, offers himself for re-election. Mr Walsh holds office until the conclusion of the Meeting, and if re-elected, he will continue to be a Director.

Prior to joining the Company four years ago, Mr Walsh had been with Cisco Systems Inc (**Cisco**) for 15 years, the last 5 years as the Chief Executive Officer of Cisco Canada. He has more than 28 years' experience in the technology industry. He served in various capacities with Cisco during his time there, including leading Cisco Australia/New Zealand's Telecommunications business and serving as Cisco Australian & New Zealand's Managing Director for a number of years before transferring to Canada.

Mr Walsh also served on The Honourable Senator Richard Alston's Broadband Advisory Group in 2004/05 and was Co-Chair of the Canadian e-Business Initiative, providing recommendations to the Canadian Government. Mr Walsh also serves as a member of the Board of Governors of the Smith Family, an Australian organisation dedicated to improving the quality of life and education of our disadvantaged youth.

The Board (excluding Mr Walsh because of his interest) recommends the re-election of Mr Walsh.

Resolution 4: Re-Election of Dr Chaffey as a Director

The Company's Constitution provides that at each annual general meeting, one-third of the Directors must retire from office. However, each Director who so retires is eligible for re-election.

Dr Chaffey was appointed as a director of the Company by the Directors prior to the date of the Meeting and will retire as a director of the Company in accordance with the Company's Constitution and, being eligible, offers himself for re-election. Dr Chaffey holds office until the conclusion of the Meeting, and if re-elected, he will continue to be a Director.

Prior to joining the Company Dr Chaffey was the Managing Director and CEO of Bluechiip Limited and oversaw the implementation of a licensing strategy for its technology.

Dr Chaffey has been actively involved in Micro-Electro-Mechanical Systems (MEMS) technology, product development and engineering for over 15 years. During the course of his career, Dr Chaffey has had experience ranging from industrial design, product concepts and product transfer for both MEMS, electronics, mechanical and software products. Dr Chaffey has significant experience of working in multi-disciplinary teams and has managed multidisciplinary development and manufacturing teams and suppliers located in Australia, Malaysia, Europe and North America.

Prior to joining Bluechiip, Dr Chaffey was involved in a number of key technology laboratories including the Advance Sensors Laboratory and Microengineering Section at DSTO and the Advanced Engineering Centre for Manufacturing at RMIT, where he led projects for inertial sensors, biosensors and optical modulators.

Dr Chaffey received his Bachelors in Advanced Science at the University of New South Wales (Sydney) and his PhD from RMIT University (Melbourne). He is a member of the Institute of Physics, member of the MEMS Industry Group (MIG) Association and past Chair of the Australian Delegation for the Micromachine Summit.

During the past three (3) years he also served as a Director of a non-profit organisation called Irabina Childhood Autism Services (2010-2013).

Resolution 5: Ratification of Prior Issue of Shares

As announced on 17 December, 2013 the Company issued a total of 29,700,000 ordinary fully paid shares ("**2013 Placement Shares**") to the parties listed in Table One below. The 2013 Placement Shares were issued on 18 December 2013.

Subject to certain exceptions, ASX Listing Rule 7.1 provides that a company may not issue more than 15% of its issued capital in any 12 month period (subject to certain exceptions) without the approval of its shareholders. The issue of the 2013 Placement Shares was within this 15% threshold.

ASX Listing Rule 7.4 provides that where a company in general meeting ratifies a previous issue of shares or options made without approval under ASX Listing Rule 7.1, those securities will be treated as having been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

Resolution 5 seeks shareholders' approval under ASX Listing Rule 7.4 to the issue of the 2013 Placement Shares. Resolution 5 has been included in this Notice to provide the Company with the maximum flexibility to issue further securities (if necessary) under Listing Rule 7.1 without shareholder approval. The requirement to obtain shareholder approval for a future issue, at the time of issue, could limit the Company's ability to take advantage of opportunities that may arise.

The effect of approval of Resolution 5 will be that the issue of the 2013 Placement Shares will not be counted towards reducing the number of securities which the Company can issue in the future without shareholder approval under the 15% limit imposed by ASX Listing Rule 7.1. The result is that the 15% limit under ASX Listing Rule 7.1 will be "refreshed" to the extent of the approval so that the Company has a renewed ability to issue securities up to the 15% limit.

In compliance with the information requirements of ASX Listing Rule 7.5:

- (a) The number of 2013 Placement Shares issued by the Company was 29,700,000;
- (b) The 2013 Placement Shares were issued at 5.5 cents per Share and were issued on 18 December 2013 fully paid and rank equally with all other fully paid ordinary shares on issue;
- (c) The parties to whom the Shares were allotted are set out in the Table One below:

Table One: Allottees - 2013 Placement Shares

Allottee(s)	No. of Shares
CITY SECURITIES PTY LTD	1,800,000
ELITE EXERCISE SYDNEY PTY LTD	1,560,000
TASMAN PACIFIC INVESTMENTS LIMITED	4,500,000
PORT BATEMAN PTY LTD <THE PAGE FAMILY A/C>	899,281
JULIAN KENNETH THOMAS & LIANNE MARGARET THOMAS <THOMAS FAMILY NO.2 A/C>	1,800,179
JULIAN KENNETH THOMAS & LIANNE MARGARET THOMAS <UNME SUPERANNUATION FUND A/C>	5,400,540
MR HERBERT OTTO GOETZKE & MRS PARRICIA DAWN GOETZKE <H & P GOETZKE S/F A/C>	1,800,000
ELG NOMINEES PTY LTD	1,800,000
BECK CORPORATION PTY LTD	1,800,000
PENHOP PTY LTD <R & H MCDOWELL S/FUND A/C>	240,000
GEOVEN NOMINEES PTY LTD <GEOFFREY SMITH S/FUND A/C>	633,333
GEOFFREY ROBERT SMITH	1,166,667
MR ALLAN STEPHEN HALL	1,800,000
CM COOK SUPERANNUATION LTD	4,500,000

- (d) none of the allottees of the 2013 Placement Shares are Directors, associates of Directors or related parties of the Directors or the Company;
- (e) The 2013 Placement Shares were issued to shareholders without disclosure (under Part 6D.2 of the Corporations Act) in reliance on section 708A(5) of the Corporations Act; and
- (f) The funds raised were used to supplement the Company's working capital and its research and development programs.

Resolution 6: Ratification of Prior Issue of Shares

As announced on 12 September, 2014 the Company issued a total of 19,565,000 ordinary fully paid shares (“**2014 Placement Shares**”) to the parties listed in Table Two below. The 2014 Placement Shares were issued on 17 September, 2014.

Subject to certain exceptions, ASX Listing Rule 7.1 provides that a company may not issue more than 15% of its issued capital in any 12 month period (subject to certain exceptions) without the approval of its shareholders. The issue of the Placement Shares was within this 15% threshold.

ASX Listing Rule 7.4 provides that where a company in general meeting ratifies a previous issue of shares or options made without approval under ASX Listing Rule 7.1, those securities will be treated as having been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

Resolution 6 seeks shareholders’ approval under ASX Listing Rule 7.4 to approve the prior issue of the 2014 Placement Shares made without approval under ASX Listing Rule 7.1. Resolution 6 has been included in this Notice to provide the Company with the maximum flexibility to issue further securities (if necessary) under Listing Rule 7.1 without shareholder approval. The requirement to obtain shareholder approval for a future issue, at the time of issue, could limit the Company’s ability to take advantage of opportunities that may arise.

The effect of approval of Resolution 6 will be that the issue of the 2014 Placement Shares will not be counted towards reducing the number of securities which the Company can issue in the future without shareholder approval under the 15% limit imposed by ASX Listing Rule 7.1. The result is that the 15% limit under ASX Listing Rule 7.1 will be “refreshed” to the extent of the approval so that the Company has a renewed ability to issue securities up to the 15% limit.

In compliance with the information requirements of ASX Listing Rule 7.5:

- (a) The number of 2014 Placement Shares issued by the Company was 19,565,000;
- (b) The 2014 Placement Shares were issued at \$0.36 per Share and were issued on 18 September 2014 fully paid and rank equally with all other fully paid ordinary shares on issue;
- (c) The parties to whom the Shares were allotted are set out in Table Two below:

Table Two: Allottees – 2014 Placement Shares

MAURO LOMBARDO	40,000
JULIAN KENNETH & LIANNE MARGARET THOMAS <UNME SUPER FUND>	720,000
PORT BATEMAN PTY LTD <THE PAGE SUPER FUND>	180,000
HELM CAPITAL PTY LTD	100,000
WARREN LEWIS INVESTMENTS PTY LTD	1,388,889
VFT INVESTMENTS PTY LTD	100,000
VINCE TRUDA <VINCE TRUDA S/F A/C>	100,000
H.P. GOETZKE SUPERANNUATION FUND	350,000
HIRSCH FINANCIAL PTY LTD	350,000
ELITE EXERCISE SYDNEY	200,000
JOHN W KING NOMINEES PTY LTD	200,000
1215 CAPITAL PTY LTD	200,000
BECK CORPORATION PTY LTD	350,000
ALLAN STEPHEN HALL	75,000
CMCOOK SUPERANNUATION P/L	400,000
SHRON NOMINEES PTY LTD SUPER FUND	200,000
ELG NOMINEES PTY LTD	400,000
TASMAN PACIFIC INVESTMENTS LIMITED	377,778
BBY LIMITED	431,112
GLOBAL OPPORTUNITIES FUND LTD <M FUND A/C>	180,556
CRANPORT PTY LTD	416,667
MERCHANT CAPITAL MARKETS PTY LTD	194,445
NAOS ASSET MANAGEMENT	1,111,112

THREE BRIDGE CAPITAL PTY LTD	486,111
CALIBRE INVESTMENTS PTY LTD	305,556
PARAGON FUNDS MANAGEMENT LTD	694,444
KENSINGTON GLOBAL MANAGEMENT LTD	194,445
REFLEX ENGINEERING LIMITED	194,445
TOTUS ALPHA MANAGEMENT PTY LTD	359,723
CHIMAERA CAPITAL LIMITED	49,000
BLUELAKE PARTNERS <RED A/C>	210,000
MILLENIUM CAPITAL PTY LTD <CREDIT SUISSE A/C>	972,223
BRASIDAS CAPITAL	416,667
BEAUFORT SECURITIES LIMITED	70,000
STEVENS HOLDINGS LLC	150,000
MR MARC RICHARD BLECHER <COMMSEC A/C>	138,889
789 PTY LTD <LEVERAGED EQUITIES A/C>	69,445
789 ASSET MANAGEMENT PTY LTD <TAX EFFECTIVE FUND L/E A/C>	90,278
789 ASSET MANAGEMENT PTY LTD <NO 1 FUND L/E A/C>	13,889
BLUEMAX INVESTMENTS PTY LTD <BORIS LAPCEVIC FAMILY A/C> LE A/C	76,389
MR SIMON ROBERT EVANS <ANZ MARGIN LENDING A/C>	50,000
NORTH OF THE RIVER PTY LTD <LEVERAGED EQUITIES A/C>	50,000
BEIRNE TRADING PTY LTD	1,500,000
SCR INVESTMENTS PTY LTD <NATIONAL AUSTRALIA BANK LIMITED A/C>	104,167
WESTGLADE PTY LTD <SSB MARGIN A/C>	25,000
MRS SARAH KAY DALY	104,167
BUCKLAND CAPITAL PTY LTD	100,000
MR ZANE ROBERT LEWIS	55,556
MR ANTHONY & MRS JANE GUBBINS	25,000
MR DARRYL & MRS SHELDA ELARI <ELARI SUPER FUND A/C>	25,000
MR CALVIN TRUONG	10,000
DRISCOLL SUPER FUND	13,889
MR SIMON & MRS KRISTINE GOYDER	20,834
MR RODNEY & MRS JANETTE GEORGE <RODNEY GEORGE SUPER A/C>	25,000
MR LEIGH DANIEL TRAVERS	13,889
PETERLYN PTY LTD <RPC SALMON S/F>	233,374
HAMMERHEAD HOLDINGS PTY LTD <HHH S/F A/C>	138,889
MR MARK & MRS MARGARET BAHEN <SUPERANNUATION A/C>	138,889
MR WLADYSLAW HENDRYK STANISLAW CYBULA <CYBULA SUBSCRIPTION UNIT A/C>	69,445
BLU BONE PTY LTD	138,889
OGA ENTERPRISES PTY LTD	41,667
MR IAN WATSON	50,000
GMW HOLDINGS PTY LTD <G&M WILSON FAMILY A/C>	75,000
INFOCAP PTY LTD	52,083
IBT HOLDINGS PTY LTD <IBT HOLDINGS PTY LTD FAM A/C>	150,000
SOUTH BANC GROUP PTY LTD <DAVID HALES FAMILY A/C>	150,000
<PROF & SOPH INVEST A/C>	1,041,667
HAYDOS CORPORATION PTY LTD	562,500
P K PLAN A PTY LTD	361,111
MR ROBERT PROE	8,333
BARELAS HOLDINGS PTY LTD <EIS A/C>	13,889
BARELAS HOLDINGS PTY LTD <SUPERANNUATION FUND A/C>	13,889
H KNORR PTY LTD <NO 2 A/C>	20,834
MORSHEAD PTY LTD <SUPER FUND A/C>	25,000
VECTOR NOMINEES PTY LTD <THE WRIGHT FAMILY A/C>	208,334
MR PHILIP PERRY	69,445
MR MATTHEW ANDRE CLIFTON <CLIFTON FAMILY A/C>	138,889

MR DALLAN ALEXANDER NICHOLS	27,778
OVERWATCH ASSET MANAGEMENT PTY LTD	55,556
BALARELLI PTY LTD <BVB A/C>	56,250
MR RICHARD & MRS SARAH KAY DALY <THE DALY FAMILY SUPER A/C>	75,000
KOY PTY LTD	27,778
SILVERLAKE NOMINEES PTY LTD <D'ESPEISSIS SUPER A/C>	27,778
JOJO ENTERPRISES PTY LTD <SFI FAMILY A/C>	262,500
MR CRISTIANO NICOLLI & MR JOHN DU BOIS <NICOLLI FAMILY SUPER FUND A/C>	31,500
KIRZY PTY LTD <SPRINGDALE A/C>	52,500
ADVANCE PUBLICITY PTY LTD <THE IZMAR FAMILY A/C>	75,000
MR PETER & MRS NATHA SUSAN EVANS <MJGE ESTATE FUND A/C>	41,667
UPSKY EQUITY PTY LTD <UPSKY INVESTMENT A/C>	138,889
CONTINENTAL GLOBAL INVESTMENT LIMITED	111,112
TRINITY DIRECT PTY LTD	200,000

- (d) none of the allottees of the 2014 Placement Shares are Directors, associates of Directors or related parties of Directors or the Company;
- (e) The 2014 Placement Shares were issued to shareholders without disclosure (under Part 6D.2 of the Corporations Act) in reliance on section 708A(5) of the Corporations Act; and
- (f) The funds raised were and will be used to supplement the Company's working capital and its research and development programs.

Resolution 7: Approval of Option Incentive Plan

Resolution 7 provides for the grant of options to those persons identified in Table Three below. All of these persons are scientists and instrumental to the current and future development of the MEMS technology.

The options are proposed to be issued to the scientists involved with the development of the technology, other than Dr Chaffey, and were negotiated in some detail over an extended period and agreed in principle by the Board, subject to shareholder approval, when the share price of the Company was significantly less than it is today. The Board does not believe that the price should be adjusted as the work done by the scientists has continued in the same professional expedient manner, unrelated to the market price of the Company.

In the case of Dr Chaffey, the Board agreed to offer Dr Chaffey the same number of options as the other scientists on the basis that he joins the Company and brings an important and complementary skillset in the development of the Company's technology. Additionally, Dr Chaffey had significant opportunity and financial costs to leave his existing employment and join the Company. As Dr Chaffey is considered a related party for the purposes of the Corporations Act and Listing Rules the provisions of Grant of Options – Directors and Senior Executives, as disclosed later in this Explanatory Statement apply (appropriately modified) and need to be considered by shareholders when assessing his option grant.

The grant of Options are considered as an incentive to those persons identified in Table Three.

Table Three – Option Incentive Holders

Name	No. of Options – Tranche 1	No. of Options – Tranche 2
Dr Mariusz Martyniuk	1,000,000	500,000
Prof John M Dell	1,000,000	500,000
Prof Lorenzo Faraone	1,000,000	500,000
Prof Adrian Keating	1,000,000	500,000
Dr Buddhika De Silva	1,000,000	500,000
Dr Jason Chaffey	1,000,000	500,000
Dr Roger D Jeffery	2,000,000	1,000,000
Dr Gino Putrino	3,000,000	1,500,000

This resolution, if passed, will approve the grant to those persons identified above in Table Three a total of 16,500,000 options to subscribe for up to 16,500,000 ordinary fully paid shares on the terms set out herein. The options proposed to be issued will be subject to the restrictions set out below.

In determining how to vote on these matters, you should note the direct remuneration received by those persons identified in Table Three in the financial year ended 30 June 2014 from the Company was NIL.

Terms of Options

The terms and conditions of the Options are as set out in the section headed Grant of Options and Appendix A to this Explanatory Statement.

The Exercise Price, the Vesting and the Value of the options are identified in Table Four.

Table Four: Exercise Price, Vesting and Value

No. of Options	Exercise Price	Vesting Date	Expiry	Value**
11,000,000	\$0.14	30 September 2016*	15 December 2016	\$0.263755
5,500,000	\$0.70	31 July 2017*	30 September 2017	\$0.173294

** Value of options as at date of this Notice based on a Black-Scholes model.

Tranche 1 Options: The issue of 11,000,000 options (**Tranche 1 Options**) exercisable at 14 cents per share between 30 September 2016 and 15 December 2016.

* The scientists must be actively employed either thought the University of Western Australia or the Company in the development of the MEMS device on 30 September 2016 to vest.

Tranche 2 Options: The issue of 5,500,000 options (**Tranche 2 Options**) exercisable at 70 cents per share between 31 March 2017 and 31 July 2017.

* The scientists must be actively employed either thought the University of Western Australia or the Company in the development of the MEMS device on 31 March 2017 to vest.

The aggregate value of the Options, as at 15 October 2014 (the date on which the Directors resolved to seek shareholder approval for the grant of the Options), has been assessed as \$3,854,422 (Tranche 1 - \$2,901,305; Tranche 2 - \$953,117) on the basis of a valuation on a Black-Scholes model based on the assumptions set out in the section headed Grant of Options.

Members should understand that the price of the ordinary shares in the Company has changed and will continue to change from the price as at the date when the Board passed the resolution to seek approval for the grant of the Options and that by the time of the Meeting the market value of the shares and thus the deemed value of the Options will inevitably differ from that value shown here. Consequently Members should have regard to the Company's share price as at the time they determine how they intend to vote.

Grant of Options

The Company has agreed, subject to obtaining shareholder approval, to allot and issue a total of 16,500,000 Options (**Company's Incentive Options**) to those persons identified in Table Three (or their nominees) on the terms and conditions set out in this Explanatory Statement.

The following information is provided in relation to the proposed grant of Options:

- (a) The maximum aggregate number of Options in Resolution 7 to be granted is 16,500,000 as set out in Table Three;

- (b) The Options will be granted no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules), if approved by the shareholders;
- (c) The Company's Incentive Options will be granted for nil cash consideration, accordingly, no funds will be raised, however upon exercise of the options the funds raised will be applied toward working capital, product development and provide capability in the event that the Company chooses to investigate opportunities to acquire complimentary businesses or technology that may enhance the Company's offerings to potential customers;
- (d) The Company's Incentive Options will be granted on the terms and conditions set out in Table Three and Appendix A;
- (e) If the Options granted to the parties in Table Three are exercised, a total of 16,500,000 Shares will be allotted and issued. This will increase the number of Shares on issue from 493,403,798 to 509,903,798 (assuming that no other existing options are exercised and no other Shares issued) with the effect that the shareholding of existing shareholders would be diluted as follows:

Issued Shares as at the date of the Notice of Meeting	Issued Shares upon exercise of above Options as per (g) above	Dilutionary effect upon exercise of Options as per Resolution 7
493,403,798	509,903,798	3.24%

- (f) The market price for Shares during the term of the Options would normally determine whether or not the Options are exercised. If, at any time any of the Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Options, the Option holders would derive a financial benefit if they exercised the Options, equal to the difference between the Share price at the time of exercise of the Options and the purchase price of the Shares pursuant to the Options.
- (g) The Options have been valued by the Company using the Black - Scholes pricing model.

The assumptions to value the Options are as follows:

- a. the last expiry date of the Options is as set out in Table Three;
- b. all the Options have a strike or exercise price as set out in Table Three;
- c. the market price of the Shares is \$0.355 per share (this being the market price of the Shares on the date hereof);
- d. a volatility factor of 100%. This is based on the history of trading in the Shares over the last 12 months and recognition that the Company is a technology company;
- e. a risk free interest rate of 2.6409%;
- f. the valuation date for the Options is the date hereof.

Based on the above, the Company has valued the:

- Tranche 1 Options at \$0.263755 each; and
- Tranche 2 Options at \$0.173294 each

Accordingly, the Options have a value of \$3,854,422.

- (h) Assuming the Options are exercised, and no other Shares are issued, the shareholding of the option holders would be the number of Shares as particularised in Table Three (appropriately modified) as these persons hold no Shares in the Company.
- (i) The trading history of the Shares on ASX in the 12 month period up to 30 June 2014 is as set out below.

	Price	Date
Highest	20.5 cents	13 November 2013
Lowest	0.25 cents	15 August 2013
Last	35.5 cents	24 October 2014

- (j) The last sale price for the Company's shares on ASX prior to the date of the Notice of Meeting (which this Explanatory Statement accompanies) was \$0.355 on 24 October 2014.
- (k) Pursuant to accounting standards the Company is not required to book any expense associated with the Company's Incentive Options.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Options as approval is being obtained at the Meeting. Accordingly, the issue of Options will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

The primary purpose of the grant of Company's Incentive Options is to provide a market linked incentive package to the research and development team members for the future. The Board have considered the experience and reputation of those persons in Table Three in the commercial industry, the current market price of Shares and current market practice when determining the number and exercise price of the Company's Incentive Options to be issued. In addition, the Board considers the grant of the Company's Incentive Options to be reasonable, given the necessity to attract the highest calibre of professionals to the Company whilst maintaining the Company's cash reserves. The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Company's Incentive Options upon the terms proposed.

Further, the value inherent in the Options cannot be converted into money or money's worth in the hands of the Option holder unless the Options are exercised, which requires payment to the Company of the Exercise Price of the Options exercised. No value will crystallise to the benefit of the Option holder until and unless the Options are exercised.

No assurance can be given as to the future performance of the Company or as to future Share prices and therefore it is not possible to quantify what the ultimate benefit to the Option holder will be on exercise, if exercised. That benefit may exceed the theoretical value placed on the Options, or be significantly less than that amount. The valuation of the Options is an assessment of the likely value inherent in the Options on exercise.

The making of any profit from the exercise of the Options in the present circumstances is purely hypothetical, although the benefit which is granted gives the potential opportunity for that to occur.

Further, members should realise that an option valuation measures the value of the option in question based on a volatility factor. In this case the volatility factor chosen as applicable is a volatility factor of 100% calculated by reference to a comparable group of companies. The valuation takes into account both increases and decreases in the share price of that magnitude as part of the value calculation. To the extent that the share price might decrease, rather than increase, the value inherent in the Options, and which can only be released on exercise, will also decrease. There are many instances where options are never exercised because of adverse changes in the share price which render it uneconomic to exercise the option.

Members should be aware that the acquisition by any person of options does not change voting power. That voting power will only change in accordance with changes in the relevant interests in shareholdings of any member or those of his associates.

Directors' recommendation

In relation to Resolution 7, the Directors, who do not have a personal interest in the outcome of the Resolution 7, recommend that shareholders vote in favour of the proposed grant of the Company's Incentive Options as it aligns the interests of those persons identified in Table Three with those of shareholders and provides a market linked incentive to them.

Resolution 8: Approval of issue of Equity Securities for the purpose of ASX Listing Rule 7.1A

Resolution 8 seeks shareholder approval by way of special resolution for the Company to have the ability to issue equity securities (as defined in the Listing Rules and broadly being shares, options, a right to a share or an option or the like) pursuant to the 10% Placement Capacity available under ASX Listing Rule 7.1A.

Overview

Listing Rule 7.1A was introduced on 1 August 2012 and allows mid to small cap listed entities to seek shareholder approval to issue equity securities equivalent to an additional 10% of the number of ordinary securities on issue by way of placements over a 12 month period (**10% Placement Capacity**). This is in addition to the 15% permitted under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalization of \$300 million or less at the time of the annual general meeting (**AGM**). The Company is currently an eligible entity for the purpose of Listing Rule 7.1A. The Board expects that the Company will be an eligible entity as at the date of the AGM. However, if the Company is not eligible, Resolution 8 will be withdrawn.

Shareholder Approval

The ability to issue equity securities under Listing Rule 7.1A is subject to shareholder approval by way of special resolution at AGM. Approval cannot be sought at any other shareholders meeting and equity securities issued under the approval (if obtained) must be issued within 12 months after the date of the AGM.

No equity securities can be issued under Listing Rule 7.1A before the special resolution is passed. The issue of securities under this rule cannot be subsequently approved by security holders and then be treated as if the issue had received prior approval.

Equity Securities

Any equity securities issued by the Company under the 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 the Notice the Company has only one class of equity securities on issue being ordinary Shares.

Formula for calculating the 10% Placement Capacity

The Company may issue equity securities during the 12 month period after the date of approval calculated in accordance with the following formula as contained in ASX Listing Rule 7.1A.2:

$(A \times D) - E$

A is the number of fully paid ordinary Shares on issue 12 months before the date of issue or agreement to issue:

- plus* the number of fully paid ordinary shares issued in the 12 months under an exception in Listing Rule 7.2;
- plus* the number of partly paid ordinary shares that became fully paid in the 12 months;
- plus* the number of fully paid ordinary shares issued in the 12 months with approval of shareholders under Listing Rule 7.1 or 7.4;
- less* the number of fully paid ordinary 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 approval of shareholders under Listing Rule 7.1 or 7.4.

Additional Disclosure

For the purpose of Listing Rule 7.3A, the following information is provided in relation to the approval of the 10% Placement Capacity:

Minimum issue price

The equity securities will be issued at an issue price of not less than 75% of the VWAP for the Company's equity securities over the 15 Trading Days immediately before:

- the date on which the equity securities are to be issued; or
- the date on which the price of the equity securities is agreed, provided that the issue is then completed within 5 Business Days.

Dilution

If the Company issues equity securities under the 10% Placement Capacity, there is a risk that the economic and voting power of existing shareholders will be diluted.

There is also a risk that:

- the market price for the Company's equity securities may be significantly lower on the issue date than the date of approval at the AGM; and
- the equity securities may be issued at a price that is at a discount to the market price for those equity securities on the issue date.

Table Five shows the risk of dilution to existing shareholders if the Company issues equity securities under the 10% Placement Capacity on the basis of:

- the current market price of shares and the current number of shares calculated in accordance with Listing Rule 7.1A(2) variable "A";
- a 50% decrease in the current market price of shares and a 50% increase in the current number of shares calculated in accordance with Listing Rule 7.1A(2) variable "A"; and
- a 100% increase in the current market price of shares and a 100% increase in the current number of shares calculated in accordance with Listing Rule 7.1A(2) variable "A".

Table Five: Dilution Variables

Number of Shares on Issue	Dilution			
	Number of Shares issued under 10% Placement Capacity	Funds raised based on issue price of \$0.18 (50% decrease in issue price)	Funds raised based on issue price of \$0.355 (current issue price)	Funds raised based on issue price of \$0.71 (a 100% increase in issue price)
493,403,798 (Current)	49,340,380	\$8,881,268.40	\$17,515,834.90	\$35,031,669.80
740,105,697 (50% increase)	74,010,570	\$13,321,902.60	\$26,273,752.35	\$52,547,504.70
986,807,596 (100% increase)	98,680,760	\$17,762,536.80	\$35,031,669.80	\$70,063,339.60

Table Five has been prepared on the following assumptions:

- The Company issues the maximum number of equity securities available under the 10% Placement Capacity.
- The table does not show any examples of the dilution that may be caused to a specific shareholder based on that shareholder's holding at the date of the AGM.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue and therefore does *not* include the shares (proposed to be issued pursuant to Resolution 8).
- The table only shows the effect of issues under Listing Rule 7.1A and does not consider the effect of any issues under the 15% placement capacity under Listing Rule 7.1 during the 12 month period or any other issues.
- The Issue Price of the Shares is \$0.355, being the closing price of the Shares on ASX on 24 October 2014.

Final issue date

The final date that the Company can issue equity securities under the 10% Placement Capacity is 12 months from the date of the AGM, being 27 November 2015.

The approval under Resolution 8 will cease to be valid in the event that shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).

Purpose of the issue

The Company may seek to issue the equity securities for the following purposes:

- cash consideration to be applied to the acquisition of new assets or investments; or
- non-cash consideration for the acquisition of new assets or investments.

If the equity securities are issued for non-cash consideration, the Company will release to the market a valuation of the non-cash consideration which demonstrates that the issue price of the securities complies with Listing Rule 7.1A(3).

Allocation policy

The Company's allocation policy for the issue of equity securities pursuant to the 10% Placement Capacity is largely dependent on the prevailing market conditions and the circumstances of the Company at the time of any proposed issue. The time frame over the 12 month period which the Company expects to make placements therefore cannot yet be accurately determined.

As at the date of the Notice the Company has not formed an intention to issue securities under a placement pursuant to Listing Rule 7.1A to any particular party. The Company may approach existing shareholders, a class or group of existing shareholders, or new investors who have not previously been shareholders to participate in a placement of equity securities.

When determining to issue the 10% Placement Capacity securities the Company will have regard to a range of factors including but not limited to:

- the effect of the issue of equity securities on the control of the Company;
- the financial circumstances of the Company;
- whether the raising of funds could be carried out by means of a pro-rata entitlements offer or other similar issue to allow existing shareholders to participate ;
- advice from the Company's corporate, financial and professional advisors;
- whether a placement of equity securities to a vendor(s) as non-cash consideration for the acquisition of new resources, assets or investments is the best alternative for the Company.

Previous approval

For the purposes of Listing Rule 7.3A.6 the following information is provided.

The Company previously sought and obtained shareholder approval for the 10% Placement Capacity at the Company's 2013 AGM.

During the 12 months prior to the date of this Notice, the Company issued 99,871,042 equity securities representing 28.65% of the total number of equity securities on issue 12 months ago. None of the equity securities were issued under the Additional Placement Capacity approved at the 2013 AGM. The details of the equity securities issued are set out in Table Six:

Table Six: Details of Equity Securities

Number of Equity Securities Issued	Class of Equity Securities Issued	Name of Person to Whom Equity Securities were Issued to	Issue Price	Cash Consideration	Discount
16,666,666	Ordinary Shares ¹	Various shareholders	\$0.003	\$50,000	Nil
8,662,710	Ordinary Shares ²	John W King Nominees Pty Ltd	Fee	Underwriting Fee	Nil/Fee
16,003,333	Ordinary Shares ³	See Note 3 below	\$0.006	\$96,020	Nil
35,640,000	Ordinary Shares ⁴	Various shareholders	\$0.055	\$1,650,000	Nil
3,333,333	Ordinary Shares ⁵	See Note 5 below	Fee	Underwriting /Sub Underwriting Fee	Nil/Fee
19,565,000	Ordinary Shares ⁶	Various shareholders	\$0.36	\$7,043,4 00	Nil
Total: 99,871,042				Total: \$8,839,420	

Notes:

- ¹ **16,666,666** Ordinary Shares were issued as part of a partially underwritten, renounceable, pro rata rights issue in which existing shareholders were entitled to purchase 2 shares for every 1 share previously held at an issue price of \$0.003 per share. The issue price was the market price as at the date of the announcement of the offer and all consideration took the form of cash. Proceeds of \$50,000 (as part of a total of \$621,085) were raised to provide funding for:
 - research and development costs.
 - patent costs and legal fees.
 - enabling the Company to focus on progressing and marketing its technology, particularly its MEMS project with the University of Western Australia.
 - The balance of the funds raised went to provide general working capital, strengthening the Company's balance sheet, enabling the Company to implement and execute its business objectives, including the investigation of opportunities related to the potential commercialization of its technology as set out in the Appendix 3B dated 2 December 2013.
- ² **8,662,710** Ordinary Shares were issued as an underwriting fee pertaining to the Company's rights issue [see Note 1], as set out in the Appendix 3B dated 2 December 2013.
- ³ **16,003,333** Ordinary Shares were issued (in aggregate) to Messrs. Walsh, Montague, Braysich and Karam or their nominees converting debt (\$96,020) to equity pursuant to members' resolutions passed at the Company's AGM on 28 November 2013.
- ⁴ **35,640,000** Ordinary Shares issued in accordance with the Company's 2013 Placement Shares as set out in the Appendix 3B dated 18 December 2013.

⁵ **3,333,333** Ordinary Shares were issued as underwriting and sub-underwriting fee pertaining to the Company's rights issue [see Note 1], as set out in the Appendix 3B dated 18 December 2013.

⁶ **19,565,000** Ordinary Shares issued in accordance with the Company's 2014 Placement as set out in the Appendix 3B dated 17 September 2014.

After allowing for existing cash reserves, the Company has spent approximately \$400,000 of the cash consideration received from the issue of the equity securities.

Voting exclusion statement

A voting exclusion statement is set out on page 4 of this Notice.

As at the date of this Notice, the Company does not yet know, nor has it formed an intention in relation to how it will decide, which parties it may approach to participate in any issue that may ultimately be made. Therefore, no shareholders will be excluded from voting on Resolution 8 as no shareholder has an interest in the outcome of the Resolution that is potentially different from that of any other shareholder.

Directors' Recommendation

The Directors recommend that shareholders vote **in favour** of the 10% Placement Capacity.

Resolution 9 - Approval of Proposed Issue of Options – Terry Walsh

Resolution 9 provides for the grant of options to a Director. This resolution, if passed, will approve the grant to the Director of a total of 3,300,000 options (refer Table Seven) to subscribe for up to 3,300,000 ordinary fully paid shares on the terms set out herein and in Appendix B. The options proposed to be issued to a Director will be subject to the restrictions set out below and in Appendix B.

Mr Walsh has more than 28 years of experience in the technology industry. He has served in various capacities with Cisco, including leading Cisco Australia/New Zealand's Telecommunications business, serving as Cisco Australia & New Zealand's Managing Director, as well as holding the position of CEO for Cisco Canada's operations. During his tenure as Cisco Canada's CEO, he more than tripled revenues and lifted Cisco Canada to one of Cisco's top five performing countries in the world.

The grant of Options is considered as an incentive to Mr Walsh to continue to strive for the benefit of the Company, as well as conducting and managing the normal operations of the Company on a day to day basis.

In determining how to vote on these matters, you should note the remuneration received by Mr Walsh in the financial year ended 30 June 2014 was \$44,000.

Table Seven: Option Terms

Tranche	No. of Options	Exercise Price	Vesting Date	Expiry	Value*
3	1,100,000	\$0.70	31 July 2017*	30 September 2017	\$0.173294
4	2,200,000	\$1.20	31 July 2017*	30 September 2018	\$0.171113

* Value of options as at date of this Notice based on a Black-Scholes model.

The aggregate value of the Options, as at 30 September 2014 (the date on which the Directors other than Mr Walsh resolved to seek shareholder approval for the grant of the Options), has been assessed as \$567,072 on the basis of a valuation on a Black-Scholes model based on the assumptions set out in Grant of Options – Director and Senior Executives and Appendix B.

Members should understand that the price of the ordinary shares in the Company has changed and will continue to change from the price as at the date when the Board passed the resolution to seek approval for the grant of the Options and that by the time of the meeting the market value of the shares and thus the deemed value of the Options will inevitably differ from that value shown here. Consequently Members should have regard to the Company's share price as at the time they determine how they intend to vote.

Terms of Options

The terms and conditions of the Options are as set out in Appendix B to this Explanatory Statement.

Recent Market Price of Company shares on ASX

In considering the terms of Resolution 9, members should note the recent trading history of shares in the Company is set out in Grant of Options – Director and Senior Executives.

Resolution 10 - Approval of Proposed Issue of Options – Aidan Montague

Resolution 10 provides for the grant of options to a Director. This resolution, if passed, will approve the grant to the Director of a total of 3,300,000 options (refer Table Eight) to subscribe for up to 3,300,000 ordinary fully paid shares on the terms set out herein and in Appendix B. The options proposed to be issued to a Director will be subject to the restrictions set out below and in Appendix B.

Mr Montague has more than 25 years' experience in sales and marketing operations, along with a strong technology and internet background. He has held a number of senior roles with Cisco Systems Inc, both locally and overseas. In his role as Director of Strategic Alliances (Asia Pacific) for Cisco, Aidan negotiated alliance agreements with many of the major telecommunication companies throughout China, Korea, Singapore, Australia and elsewhere. More recently his focus has been in the areas of Internet Marketing, New Media Applications and in particular, assisting businesses market their products and services over the internet.

Aidan is a Professional Engineer with a career in information technology, communications and online marketing. He graduated from the West Australian Institute of Technology (now Curtin University) in 1974.

The grant of Options is considered as an incentive to Mr Montague to continue to strive for the benefit of the Company.

In determining how to vote on these matters, you should note the remuneration received by Mr Montague in the financial year ended 30 June 2014 was \$39,000.00.

Table Eight: Option Terms

Tranche	No. of Options	Exercise Price	Vesting Date	Expiry	Value*
3	1,100,000	\$0.70	31 July 2017*	30 September 2017	\$0.173294
4	2,200,000	\$1.20	31 July 2017*	30 September 2018	\$0.171113

* Value of options as at date of this Notice based on a Black-Scholes model.

The aggregate value of the Options, as at 30 September 2014 (the date on which the Directors other than Mr Montague resolved to seek shareholder approval for the grant of the Options), has been assessed as \$567,072 on the basis of a valuation on a Black-Scholes model based on the assumptions set out in Grant of Options – Directors and Senior Executives and Appendix B.

Members should understand that the price of the ordinary shares in the Company has changed and will continue to change from the price as at the date when the Board passed the resolution to seek approval for the grant of the Options and that by the time of the meeting the market value of the shares and thus the deemed value of the Options will inevitably differ from that value shown here. Consequently Members should have regard to the Company's share price as at the time they determine how they intend to vote.

Terms of Options

The terms and conditions of the Options are as set out in the Appendix B to this Explanatory Statement.

Recent Market Price of Company shares on ASX

In considering the terms of Resolution 10, members should note the recent trading history of shares in the Company is set out in Grant of Options – Directors and Senior Executives.

Resolution 11 - Approval of Proposed Issue of Options – Jeff Braysich

Resolution 11 provides for the grant of options to a Director. This resolution, if passed, will approve the grant to the Director of a total of 3,300,000 options (refer Table Nine) to subscribe for up to 3,300,000 ordinary fully paid shares on the terms set out herein and in Appendix B. The options proposed to be issued to a Director will be subject to the restrictions set out below and in Appendix B.

Mr Braysich has 30 years' experience in the financial and commercial markets. He has worked as a stockbroker, fund manager and corporate adviser in Australia and overseas. He is a former Member of the Australian Stock Exchange and other professional bodies. He has over the past 10 years provided corporate advisory to a number of Australian private and listed companies; and together with Anthony Karam was the driving force behind the re-establishment and growth of Chameleon Mining NL and its successful litigation against Murchison Metals Ltd and others. Prior to becoming a director he was providing Panorama Synergy with corporate advice and administrative and logistical support as a consultant. He continues those roles as a director.

The grant of Options is considered as an incentive to Mr Braysich to continue to strive for the benefit of the Company.

In determining how to vote on these matters, you should note the remuneration received by Mr Braysich in the financial year ended 30 June 2014 was \$39,000.00.

Table Nine: Option Terms

Tranche	No. of Options	Exercise Price	Vesting Date	Expiry	Value*
3	1,100,000	\$0.70	31 July 2017*	30 September 2017	\$0.173294
4	2,200,000	\$1.20	31 July 2017*	30 September 2018	\$0.171113

* Value of options as at date of this Notice based on a Black-Scholes model.

The aggregate value of the Options, as at 30 September 2014 (the date on which the Directors other than Mr Braysich resolved to seek shareholder approval for the grant of the Options), has been assessed as \$567,072 on the basis of a valuation on a Black-Scholes model based on the assumptions set out in Grant of Options – Directors and Senior Executives and Appendix B.

Members should understand that the price of the ordinary shares in the Company has changed and will continue to change from the price as at the date when the Board passed the resolution to seek approval for the grant of the Options and that by the time of the meeting the market value of the shares and thus the deemed value of the Options will inevitably differ from that value shown here. Consequently Members should have regard to the Company's share price as at the time they determine how they intend to vote.

Terms of Options

The terms and conditions of the Options are as set out in Appendix B to this Explanatory Statement.

Recent Market Price of Company shares on ASX

In considering the terms of Resolution 11, members should note the recent trading history of shares in the Company is set out in Grant of Options – Directors and Senior Executives.

Resolution 12 - Approval of Proposed Issue of Options – Anthony Karam

Resolution 12 provides for the grant of options to a senior executive. This resolution, if passed, will approve the grant to the senior executive of a total of 3,300,000 options (refer Table Ten) to subscribe for up to 3,300,000 ordinary fully paid shares on the terms set out herein and in Appendix B. The options proposed to be issued to a senior executive will be subject to the restrictions set out below and in Appendix B.

Anthony has worked as a lawyer in the corporate and commercial spheres for over sixteen years. Anthony's area of expertise lies in negotiating and structuring terms and documentation to facilitate commercial opportunities including acquisitions, joint ventures as well as fund raising. He is an Affiliate Member of the Institute of Company Secretaries and currently consults to a number of ASX listed companies and a large privately owned financial services practice.

The grant of Options is considered as an incentive to Mr Anthony Karam to continue to strive for the benefit of the Company, and assist in the day to day running of the Company.

In determining how to vote on these matters, you should note the remuneration received by Mr Karam in the financial year ended 30 June 2014 was \$33,000.00.

Table Ten: Option Terms

Tranche	No. of Options	Exercise Price	Vesting Date	Expiry	Value*
3	1,100,000	\$0.70	31 July 2017*	30 September 2017	\$0.173294
4	2,200,000	\$1.20	31 July 2017*	30 September 2018	\$0.171113

* Value of options as at date of this Notice based on a Black-Scholes model.

The aggregate value of the Options, as at 30 September 2014 (the date on which the Directors resolved to seek shareholder approval for the grant of the Options), has been assessed as \$567,072 on the basis of a valuation on a Black-Scholes model based on the assumptions set out in Grant of Options – Directors and Senior Executives and Appendix B.

Members should understand that the price of the ordinary shares in the Company has changed and will continue to change from the price as at the date when the Board passed the resolution to seek approval for the grant of the Options and that by the time of the meeting the market value of the shares and thus the deemed value of the Options will inevitably differ from that value shown here. Consequently Members should have regard to the Company's share price as at the time they determine how they intend to vote.

Terms of Options

The terms and conditions of the Options are as set out in Appendix B to this Explanatory Statement.

Recent Market Price of Company shares on ASX

In considering the terms of Resolution 12, members should note the recent trading history of shares in the Company is set out in Grant of Options – Directors and Senior Executives.

Resolution 13 - Approval of Proposed Issue of Options – Jason Chaffey

Resolution 13 provides for the grant of options to a Director. This resolution, if passed, will approve the grant to the Director of a total of 3,300,000 options (refer Table Eleven) to subscribe for up to 3,300,000 ordinary fully paid shares on the terms set out herein and in Appendix B. The options proposed to be issued to Dr Chaffey will be subject to the restrictions set out below.

Dr Jason Chaffey has been involved in the Micro Electric Mechanical Systems industry for over 15 years and has wide ranging experience that includes industrial design, product concepts and product transfer for both MEMS, electronics, mechanical and software products. He has most recently been managing the development and manufacturing of MEMS products in various parts of the world.

The grant of Options is considered as an incentive to Dr Chaffey to strive for the benefit of the Company, as well as conducting and managing the normal operations of the Company on a day to day basis.

In determining how to vote on these matters, you should note the remuneration received by Dr Chaffey in the financial year ended 30 June 2014 was nil.

Table Eleven: Option Terms

Tranche	No. of Options	Exercise Price	Vesting Date	Expiry	Value*
3	1,100,000	\$0.70	31 July 2017*	30 September 2017	\$0.173294
4	2,200,000	\$1.20	31 July 2017*	30 September 2018	\$0.171113

* Value of options as at date of this Notice based on a Black-Scholes model.

The aggregate value of the Options, as at 30 September 2014 (the date on which the Directors resolved to seek shareholder approval for the grant of the Options), has been assessed as \$567,072 on the basis of a valuation on a Black-Scholes model based on the assumptions set out in the section headed Grant of Options – Directors and Senior Executives and Appendix B.

Members should understand that the price of the ordinary shares in the Company has changed and will continue to change from the price as at the date when the Board passed the resolution to seek approval for the grant of the Options and that by the time of the meeting the market value of the shares and thus the deemed value of the Options will inevitably differ from that value shown here. Consequently Members should have regard to the Company's share price as at the time they determine how they intend to vote.

Terms of Options

The terms and conditions of the Options are as set out in Appendix B to this Explanatory Statement.

Recent Market Price of Company shares on ASX

In considering the terms of Resolution 13, members should note the recent trading history of shares in the Company is set out in Grant of Options – Directors and Senior Executives.

Grant of Options – Director and Senior Executives

The Company has agreed, subject to obtaining shareholder approval, to allot and issue a total of 16,500,000 Options (**Company's Executive Options**) to Messrs Walsh, Montague, Braysich, Chaffey and Karam (or their nominees) (each a **Related Party**) on the terms and conditions set out in this Explanatory Statement.

For the Company to give a financial benefit to a related party even if negotiated before the parties became related, the Company must obtain the approval of the shareholders in the manner set out in Chapter 2E of the *Corporations Act*.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) Obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the *Corporations Act*; and
- (b) Give the benefit within 15 months following such approval, unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the *Corporations Act*.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception under ASX Listing Rule 10.12 applies.

The grant of the Company's Executive Options requires the Company to obtain shareholder approval because the grant of the Company's Executive Options constitutes giving a financial benefit to a Director or senior executive as Messrs Walsh, Montague, Braysich, Chaffey and Karam are related parties of the Company.

It is the view of the Directors that the exceptions set out in Sections 210 to 216 of the *Corporations Act* and ASX Listing Rule 10.12 do not apply in the current circumstance. Accordingly, shareholder approval is sought for the

grant of Company's Executive Options to the related parties, namely Messrs Terry Walsh, Aidan Montague, Jeff Braysich, Jason Chaffey and Anthony Karam (or their nominees).

Pursuant to and in accordance with the requirements of the *Corporations Act* and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Options:

- (c) The related parties are:
- (i) Mr Terry Walsh, Mr Aidan Montague, Mr Jeff Braysich, Dr Jason Chaffey and Mr Anthony Karam;
 - (ii) Mr Terry Walsh is a related party by virtue of being a Director of the Company;
 - (iii) Mr Aidan Montague is a related party by virtue of being a Director of the Company;
 - (iv) Mr Jeff Braysich is a related party by virtue of being a Director of the Company;
 - (v) Dr Jason Chaffey is a related party by virtue of being a Director of the Company;
 - (vi) Mr Anthony Karam is a related party by virtue of being a Senior Executive of the Company;
- (d) The maximum aggregate number of Options (being the nature of the financial benefit being provided) to be granted is 16,500,000 Options as set out in Tables Seven, Eight, Nine, Ten and Eleven respectively;
- (e) The Options will be granted no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules), if approved by the shareholders;
- (f) The Company's Executive Options will be granted for nil cash consideration, accordingly, no funds will be raised, however upon exercise of the options the funds raised will be applied toward working capital, product development and provide capability in the event that the Company chooses to investigate opportunities to acquire complimentary businesses or technology that may enhance the Company's offerings to potential customers;
- (g) The Company's Executive Options will be granted on the terms and conditions set out in Tables Seven, Eight, Nine, Ten and Eleven respectively and Appendix B;
- (h) The relevant interest of the related parties in securities of the Company, as at the date of this Notice, is set out below:

Directors/Related party	Fully Paid Shares*	Options
Mr Terry Walsh	44,040,501	15,000,000
Mr Aidan Montague	10,500,000	0
Mr Jeff Braysich	20,486,000	0
Dr Jason Chaffey	0	0
Mr Anthony Karam	16,748,695	1,000,000

- (i) If the Options granted to the related parties are exercised, a total of 16,500,000 Shares will be allotted and issued. This will increase the number of Shares on issue from 493,403,798 to 509,903,798 (assuming that no other existing Options are exercised and no other Shares issued) with the effect that the shareholding of existing shareholders would be diluted as follows:

Issued Shares as at the date of the Notice of Meeting	Issued Shares upon exercise of above Options as per (h) above	Dilutionary effect upon exercise of Options as per Resolutions 9, 10, 11, 12 & 13
493,403,798	509,903,798	3.24%

- (j) The market price for Shares during the term of the Options would normally determine whether or not the Options are exercised. If, at any time any of the Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Options, the Option holders would derive a financial benefit if they exercised the Options, equal to the difference between the Share price at the time of exercise of the Options and the purchase price of the Shares pursuant to the Options.
- (k) The Options have been valued by the Company using the Black - Scholes pricing model. The assumptions to value the Options are as follows:
- (i) the last expiry date of the Options is as set out in Tables Seven, Eight, Nine, Ten and Eleven;
 - (ii) all the Options have a strike or exercise price as set out in Tables Seven, Eight, Nine, Ten and Eleven;
 - (iii) the market price of the Shares is \$0.355 per share (this being the market price of the Shares on the date hereof);
 - (iv) a volatility factor of 100%. This is based on the history of trading in the Shares over the last 12 months and recognition that the Company is a technology company;
 - (v) a risk free interest rate of 2.6409%;
 - (vi) the valuation date for the Options is the date hereof.
- (l) Based on the above, the Company has valued the:
- Tranche 3 Options at \$0.173294 each; and
 - Tranche 4 Options at \$0.171113 each

Accordingly, the Options have a value of \$2,835,360.

- (m) Assuming the Options are exercised, and no other Shares are issued, the shareholding of the related parties referred to above would be as follows:

Related Party	Issued Shares as at the date of this Notice of Meeting	Options as at the date of this Notice of Meeting	Executive Options to be issued	Issued Shares upon exercise of all Options	Dilutionary effect upon exercise of Executive Options as per Resolutions 9, 10, 11, 12 & 13 (Individual/Total)
Mr Terry Walsh	44,040,501	15,000,000	3,300,000	62,340,501	3.48% / 6.18%
Mr Aidan Montague	10,500,000	0	3,300,000	13,800,000	0.63% / 6.18%
Mr Jeff Braysich	20,486,000	0	3,300,000	23,786,000	0.63% / 6.18%
Dr Jason Chaffey *^	0	0	3,300,000	3,300,000	0.63% / 6.18%
Mr Anthony Karam	16,748,695	1,000,000	3,300,000	21,048,695	0.81% / 6.18%

*^ Note: In addition Dr Chaffey is entitled to options pursuant to Resolution 6.

The trading history of the Shares on ASX in the 12 month period up to 30 June 2014 is as set out below.

	Price	Date
Highest	20.5 cents	13 November 2013
Lowest	0.25 cents	15 August 2013
Last	35.5 cents	24 October 2014

- (n) The last sale price for the Company's shares on ASX prior to the date of the Notice of Meeting (which this Explanatory Statement accompanies) was \$0.355 on 24 October 2014.
- (o) Pursuant to accounting standards the Company is not required to book any expense associated with the Options.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Options to the related parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Options to the related parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

The nature of the financial benefits which may be obtained by these individuals, as related parties of the Company are that they (or their nominees) will be granted the Company's Executive Options which have a value as summarised above.

However, it is important for Members to recognise that for the value in the related party benefit constituted by the grant of the Executive Options to be realisable by the Option holder, that the Options must be exercised as they are not transferable.

To this extent, while the Options have value, that value can be considered to be of a different quality and nature from a cash or money payment or an entitlement thereto which can be realised and taken by the Option holder. It also differs from the value reflected in the grant of shares or options which have no restrictions and which can be disposed of and also be readily converted into money by the Option holder.

The value inherent in the Options cannot be converted into money or money's worth in the hands of the Option holder unless the Options are exercised, which requires payment of the Company of the Exercise Price of the Options exercised. No value will crystallise to the benefit of the Option holder until and unless the Options are exercised.

No assurance can be given as to the future performance of the Company or as to future Share prices and therefore it is not possible to quantify what the ultimate benefit to the Option holder will be on exercise, if exercised. That benefit may exceed the theoretical value placed on the Options, or be significantly less than that amount. The valuation of the Options is an assessment of the likely value inherent in the Options on exercise.

The making of any profit from the exercise of the Options in the present circumstances is purely hypothetical, although the benefit which is granted gives the potential opportunity for that to occur.

Further, members should realise that an option valuation measures the value of the option in question based on a volatility factor. In this case the volatility factor chosen as applicable is a volatility factor of 100% calculated by reference to a comparable group of companies. The valuation takes into account both increases and decreases in the share price of that magnitude as part of the value calculation. To the extent that the share price might decrease, rather than increase, the value inherent in the Options, and which can only be released on exercise, will also decrease. There are many instances where options are never exercised because of adverse changes in the share price which render it uneconomic to exercise the option.

Members should be aware that the acquisition by any person of options does not change voting power. That voting power will only change in accordance with changes in the relevant interests in shareholdings of any member or of those of his associates.

Directors' recommendation

In relation to Resolution 9, 10, 11, 12 & 13 the board decline to make a recommendation to shareholders because of either their personal interest in the Resolutions or their association with the proposed Option holder.

Appendix A – Company's Incentive Options

The terms and conditions of the Company's Incentive Options (as set out in the Company's Notice of Meeting and Explanatory Statement dated 27 October 2014) are as follows:

- (a) Each option entitles the holder to subscribe for and be allotted one ordinary fully paid share in the Company.
- (b) **Tranche 1 Options:** The issue of 11,000,000 options (**Tranche 1 Options**):
 - (i) The options are exercisable at 14 cents per share; and
 - (ii) The exercise period is between 30 September 2016 and 15 December 2016.
- (c) **Vesting Condition:** The scientist (option holder) must be actively employed either thought the University of Western Australia or Panorama Synergy Limited in the development of the MEMS device on the later of 30 September 2016 or the exercise date to vest.
- (d) The Tranche 1 Options will expire on 15 December 2016 (the **Tranche 1 Options Expiry Date**)
- (e) **Tranche 2 Options:** The issue of 5,500,000 options (**Tranche 2 Options**):
 - (i) The options are exercisable at 70 cents per share; and
 - (ii) The exercise period is between 31 July 2017 and 30 September 2017.
- (f) **Vesting Condition:** The scientist (option holder) must be actively employed either thought the University of Western Australia or Panorama Synergy Limited in the development of the MEMS device on the later of 31 July 2017 or the exercise date to vest.
- (g) The Tranche 2 Options will expire on 30 September 2017 (the **Tranche 2 Options Expiry Date**)
- (h) The options are exercisable at any time during the respective exercise periods referred to respectively in conditions (b) and (e) by notice in writing to the Directors of the Company accompanied by payment of the exercise price.
- (i) The options are freely transferable after vesting.
- (j) All shares issued upon exercise of the options will rank pari passu in all respects with the Company's then existing fully paid shares. The Company will apply for official quotation by the ASX of all shares issued upon exercise of the options.
- (k) There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the options. However, if from time to time on or prior to the expiry date the Company makes an issue of new shares of the holders of fully paid ordinary shares, the company will send a notice to each holder of options at least 9 (nine) business days before the record date referable to that issue. This will give option holders the option to exercise their options prior to the date for determining entitlements to participate in any such issue.
- (l) If from time to time on or prior to the expiry date the Company makes an issue of shares to the holders of ordinary fully paid shares in the Company by way of capitalisation of profits or reserves (a bonus issue), then upon exercise of their options, option holders will be entitled to have issued to them (in addition to the shares which would otherwise have been issued to them upon such exercise) the number of shares of the class which would have been issued to them under that bonus issue (bonus shares) if on the record date for the bonus issue they had been registered as the holder of the number of shares of which they would have been registered as holder if immediately prior to that date, they had duly exercised their options and their shares the subject of such exercise had been duly allotted and issued to them. The bonus shares will be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the bonus issue and upon issue will rank pari passu in all respects with the other shares allotted upon exercise of the options.
- (m) There is no right to a change in the exercise price of the options or to the number of shares over which the options are exercisable in the event of a new issue of capital (other than a bonus issue) during the currency of the options.
- (n) In the event of any reorganisation of the issue capital of the Company on or prior to the expiry date, the rights of an option holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules in force at the time of reorganisation.

Appendix B – Company's Executive Options

The terms and conditions of the Company's Executive Options (as set out in the Company's Notice of Meeting and Explanatory Statement dated 27 October 2014) are as follows:

- (a) Each option entitles the holder to subscribe for and be allotted one ordinary fully paid share in the Company.
- (b) **Tranche 3 Options:** The issue of 5,500,000 options (**Tranche 3 Options**):
 - (i) The options are exercisable at 70 cents per share; and
 - (ii) The exercise period is between 31 July 2017 and 30 September 2017.
- (c) **Vesting Condition:** The executive (option holder) must be actively employed by Panorama Synergy Limited on the later of 31 July 2017 or the exercise date to vest.
- (d) The Tranche 3 Options will expire on 30 September 2017 (the **Tranche 3 Options Expiry Date**)
- (e) **Tranche 4 Options:** The issue of 11,000,000 options (**Tranche 4 Options**):
 - (i) The options are exercisable at \$1.20 cents per share; and
 - (ii) The exercise period is between 31 July 2018 and 30 September 2018.
- (f) **Vesting Condition:** The executive (option holder) must be actively employed by Panorama Synergy Limited on the later of 31 July 2018 or the exercise date to vest.
- (g) The Tranche 4 Options will expire on 30 September 2018 (the **Tranche 4 Options Expiry Date**)
- (h) The options are exercisable at any time during the respective exercise periods referred to respectively in conditions (b) and (e) by notice in writing to the Directors of the Company accompanied by payment of the exercise price.
- (i) The options are freely transferable upon vesting.
- (j) All shares issued upon exercise of the options will rank pari passu in all respects with the Company's then existing fully paid shares. The Company will apply for official quotation by the ASX of all shares issued upon exercise of the options.
- (k) There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the options. However, if from time to time on or prior to the expiry date the Company makes an issue of new shares of the holders of fully paid ordinary shares, the company will send a notice to each holder of options at least 9 (nine) business days before the record date referable to that issue. This will give option holders the option to exercise their options prior to the date for determining entitlements to participate in any such issue.
- (l) If from time to time on or prior to the expiry date the Company makes an issue of shares to the holders of ordinary fully paid shares in the Company by way of capitalisation of profits or reserves (a bonus issue), then upon exercise of their options, option holders will be entitled to have issued to them (in addition to the shares which would otherwise have been issued to them upon such exercise) the number of shares of the class which would have been issued to them under that bonus issue (bonus shares) if on the record date for the bonus issue they had been registered as the holder of the number of shares of which they would have been registered as holder if immediately prior to that date, they had duly exercised their options and their shares the subject of such exercise had been duly allotted and issued to them. The bonus shares will be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the bonus issue and upon issue will rank pari passu in all respects with the other shares allotted upon exercise of the options.
- (m) There is no right to a change in the exercise price of the options or to the number of shares over which the options are exercisable in the event of a new issue of capital (other than a bonus issue) during the currency of the options.
- (n) In the event of any reorganisation of the issue capital of the Company on or prior to the expiry date, the rights of an option holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules in force at the time of reorganisation.

Action Required by Shareholders

Step 1: Read the Notice and Explanatory Statement

The Explanatory Statement sets out details of the resolutions to be voted on at the Annual General Meeting. This information is important. You should read this document carefully and if necessary seek independent advice on any aspects about which you are not certain.

Step 2: Vote on the Resolutions

Your vote is important. The Annual General Meeting is scheduled to be held at 11.00 am (EST) on 27 November 2014 at 365 Little Collins Street, Melbourne.

In accordance with section 250BA of the Corporations Act, if you cannot attend the Annual General Meeting in person and wish to vote on some or all of the resolutions, you can appoint a proxy to vote on your behalf by completing the proxy form that accompanies this document and returning it to the Company:

- by hand to Level 7, 99 Macquarie Street Sydney NSW 2000; or
- by post to P.O Box R 305 Royal Exchange NSW 1225; or
- by facsimile to +61 2 8226 3304,

not later than 11.00 am (EST) on 25 November 2014 (48 hours before the commencement of the meeting).

Questions

If you have any questions about any matter contained in the Notice of Annual General Meeting or the attached Explanatory Statement, please contact the Company's Chairman Mr Aidan Montague on 02 8226 3302. For details on how to complete and lodge the proxy form, please refer to the instructions on the form.

Key Dates

Date for determining entitlement to vote: 11.00 am (EST) on 25 November 2014 (48 hours before commencement of the meeting).

Last date for acceptance of proxy forms: 11.00 am (EST) on 25 November 2014 (48 hours before commencement of the meeting).

Date of Annual General Meeting: 11.00 am (EST) on 27 November 2014.

Determining who holds Shares for the purpose of the Annual General Meeting

It has been determined that under Corporations Regulation 7.11.37, for the purposes of this Annual General Meeting, Shares will be taken to be held by the persons who are the registered holders at 11.00 am (EST) on **25 November 2014**. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the General Meeting.

Proxies

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

- each shareholder who is entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of the shareholder;
- where the shareholder is entitled to cast two (2) or more votes, the shareholder may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise;
- if the shareholder appoints two (2) proxies and the appointment does not specify the proportion or number of the shareholder's votes each proxy may exercise half of the votes. Any fractions of votes brought about by the apportionment of a proxy will be disregarded;
- a proxy need not be a shareholder; and
- any instrument of proxy deposited or received at the registered office of the Company in which the name of the appointee is not filled in will be deemed to be given in favour of the Chairman of the General Meeting.

Proxy Form

All correspondence to:
Panorama Synergy Ltd
Level 7, 99 Macquarie Street
Sydney, NSW, 2000
Telephone: +61 2 8226 3302
Facsimile: +61 2 8226 3304

☐ Mark this box with an 'X' if you have made any
changes to your address details (see next page)

I/We (name of shareholder) _____

Of (address) _____

Being a member/s of PANORAMA SYNERGY LTD and entitled to attend and vote hereby appoint

☐ the Chairman of the
Meeting (mark with an 'X')

Write here the name of the person you are
appointing if this person is **someone other than**
the Chairman of the Meeting.

or failing the person named, or if no person is named, the Chairman of the Meeting 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, as the proxy sees fit) at the General Meeting of PANORAMA SYNERGY LTD to be held at 365 Little Collins Street, Melbourne, Victoria at 11.00 am (EST) on 27 November 2014 and at any adjournment of that meeting.

Voting Directions to your proxy – please mark ☒ to indicate your directions

Resolution 1:	Adoption of Remuneration Report
Resolution 2:	Change to Upper Limit of Directors' Remuneration
Resolution 3:	Re-election of Terry Walsh
Resolution 4:	Re-election of Dr Jason Chaffey
Resolution 5:	Ratification of Prior Issue of Shares (December 2013)
Resolution 6:	Ratification of Prior Issue of Shares (September 2014)
Resolution 7:	Option Incentive Plan
Resolution 8:	Approval of issue of Equity Securities for the purpose of ASX Listing Rule 7.1A
Resolution 9:	Approval of Options to Terry Walsh (a Director)
Resolution 10:	Approval of Options to Aidan Montague (a Director)
Resolution 11:	Approval of Options to Jeff Braysich (a Director)
Resolution 12:	Approval of Options to Anthony Karam (Senior Executive)
Resolution 13:	Approval of Options to Jason Chaffey (a Director)

For	Against	Abstain*

In addition to the intention advised above, the Chairman of the Meeting intends to vote undirected proxies in favour of each of the items of business unless he has an interest in the outcome of that item.

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

Appointing a second proxy

**We wish to appoint a second
proxy**

☐ Mark with an 'X' if you wish to
appoint a second proxy

AND

%

OR

State the percentage of your voting
rights or the number of securities for
this Proxy Form

PLEASE SIGN HERE

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

Individual or Security holder 1

Security holder 2

Security holder 3

Individual/Sole Director and Sole Company
Secretary

Director

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

HOW TO COMPLETE THE PROXY FORM

1 Your Address

This form has been sent to your address as it appears on the Company's share register. If this address is incorrect, please mark the box and write the correct address on the form. **Please note, you cannot change ownership of your securities using this form.**

2 Appointment of a Proxy

If you wish to appoint the Chairman of the General Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the General Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the General Meeting will be your proxy. A proxy need not be a security holder of the Company.

3 Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite the item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on an item by inserting the percentage or number of securities you wish to vote in the appropriate box. 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.

4 Appointment of a Second Proxy

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

To appoint a second proxy you must:

- a) indicate that you wish to appoint a second proxy by marking the box;
- b) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded;
- c) return both forms together in the same envelope.

5 Signing Instructions

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

- Individual: where the holding is in one name, the holder must sign.
- Joint Holding: where the holding is in more than one name, all of the security holders should sign.
- Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the company. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.
- Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below no later than 48 hours before the commencement of the meeting at 11.00 am (EST) on 25 November 2014. 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:

Panorama Synergy Ltd
P.O Box R305
Royal Exchange NSW 1225
Telephone: +61 2 8226 3302
Facsimile: +61 2 8226 3304