

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

MACH7 TECHNOLOGIES LIMITED (the "Company")

ABN

26 007 817 192

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|---|
| 1 | +Class of +securities issued or to be issued | Options to acquire fully paid ordinary shares (Options). |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 2,700,000 Options |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | <p>The Options are issued under the Company's Long Term Incentive Plan which was approved by shareholders at the Company's 31 March 2016 Extraordinary General Meeting (LTIP).</p> <p>The Options will each be exercisable into a fully paid ordinary share in the Company at an exercise price of \$0.17.</p> <p>The Options will vest on the Vesting Dates specified below, subject to the satisfaction of the condition that the holder remains as an employee/contractor of the Mach7 Group on the applicable Vesting Date. Any Options that have not vested by their applicable Vesting Date will automatically lapse on the day after the Vesting Date.</p> <p>Vesting Dates:</p> <ul style="list-style-type: none"> ▪ 900,020 Options will vest on 3 November 2018. ▪ 899,996 Options will vest on 3 November 2019. ▪ 899,984 Options will vest on 3 November 2020. |

+ See chapter 19 for defined terms.

		Any vested Options will be exercisable at any time between their relevant Vesting Dates and the expiry date of 3 November 2022. Any vested Options that have not been exercised by the expiry date will automatically lapse.
4	Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities? If the additional +securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	The Options will not be quoted or rank equally with any class of quoted securities. However, the Company will seek quotation on the ASX of underlying fully paid ordinary shares issued upon the exercise of Options. From the date of issue of those shares, the shares will rank equally with all other ordinary shares then on issue in the Company.
5	Issue price or consideration	The Options were issued for nil cash consideration.
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	The Options were issued to employees and contractors of the Mach7 Group under the LTIP. The Options are designed to provide incentives to the holders, who are integral to the ongoing success of the Company.
6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h <i>in relation to the +securities the subject of this Appendix 3B</i>, and comply with section 6i	Yes
6b	The date the security holder resolution under rule 7.1A was passed	7 December 2016
6c	Number of +securities issued without security holder approval under rule 7.1	N/A

6d	Number of +securities issued with security holder approval under rule 7.1A	N/A	
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A	
6f	Number of +securities issued under an exception in rule 7.2	2,700,000 Options were issued pursuant to Exception 9 in ASX Listing Rule 7.2.	
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A	
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	See Annexure 1	
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	3 November 2017	
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	Number	+Class
		118,247,196	Fully paid ordinary shares
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	Number	+Class
		25,000,000	Performance Shares
		7,094,832	Performance Rights

+ See chapter 19 for defined terms.

100,000	Class 1 Options, exercisable at \$1.00 between 8 April 2017 (vesting date) and 8 April 2020 (expiry date)
475,000	Class 2 Options, exercisable at \$1.00 between 8 April 2018 (vesting date) and 8 April 2021 (expiry date)
125,000	Class 3 Options, exercisable at \$1.00 between 9 December 2018 (vesting date) and 9 December 2021 (expiry date)
813,347	Class 4 Options, exercisable at \$0.41 between 27 January 2018 (vesting date) and 27 January 2022 (expiry date)
813,335	Class 5 Options, exercisable at \$0.41 between 27 January 2019 (vesting date) and 27 January 2022 (expiry date)
813,318	Class 6 Options, exercisable at \$0.41 between 27 January 2020 (vesting date) and 27 January 2022 (expiry date)
40,000	Class 7 Options, exercisable at \$0.41 between 9 June 2017 (vesting date) and 9 June 2018 (expiry date)
900,020	Class 8 Options, exercisable at \$0.17 between 3 November 2018 (vesting date) and 3 November 2022 (expiry date)
899,996	Class 9 Options, exercisable at \$0.17 between 3 November 2019 (vesting date) and 3 November 2022 (expiry date)
899,984	Class 10 Options, exercisable at \$0.17 between 3 November 2020 (vesting date) and 3 November 2022 (expiry date)

- 10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

Options do not entitle their holders to receive any dividends paid by the Company.

However, any underlying shares issued upon the exercise of Options will carry dividend rights that rank equally with that of all other ordinary shares then on issue in the Company.

Part 2 - Pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the +securities will be offered	N/A
14	+Class of +securities to which the offer relates	N/A
15	+Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A

+ See chapter 19 for defined terms.

25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	*Issue date	N/A

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of *securities
(tick one)

(a) ☐ *Securities described in Part 1

(b) ☐ All other *securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 ☐ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 ☐ A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

- 38 Number of +securities for which +quotation is sought
- 39 +Class of +securities for which quotation is sought
- 40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?
- If the additional +securities do not rank equally, please state:
- the date from which they do
 - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
 - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

+ See chapter 19 for defined terms.

41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another +security, clearly identify that other +security)	N/A
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Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Alyn Tai
Company Secretary
3 November 2017

+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid ⁺ ordinary securities on issue 12 months before the ⁺ issue date or date of agreement to issue	954,393,141 (pre-consolidation)
Add the following: - Number of fully paid ⁺ordinary securities issued in that 12 month period under an exception in rule 7.2 - Number of fully paid ⁺ordinary securities issued in that 12 month period with shareholder approval - Number of partly paid ⁺ordinary securities that became fully paid in that 12 month period Note: - Include only ordinary securities here – other classes of equity securities cannot be added - Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed - It may be useful to set out issues of securities on different dates as separate line items	100,000,000 shares on 18 November 2016 (pre-consolidation) 33,153,137 shares on 22 November 2016 (pre-consolidation) 60,500,000 shares on 9 December 2016 (pre-consolidation) 29,879,073 shares on 28 December 2016 (pre-consolidation) <i>*The figures above are provided on a pre-consolidation basis. On 16 January 2017, the Company consolidated its securities on issue on a 10:1 basis.</i> <i>The total number of shares in the above list, including the number of shares on issue 12 months before the date of this Appendix 3B, was 117,792,623 on a post-consolidation basis.</i> 41,667 shares on 20 February 2016 (on a post-consolidation basis) 1 share on 10 March 2017 (on a post-consolidation basis)
Subtract the number of fully paid ⁺ ordinary securities cancelled during that 12 month period	Nil
“A”	117,834,291 on a post-consolidation basis

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	17,675,143
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
Insert number of ⁺equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued: - Under an exception in rule 7.2 - Under rule 7.1A - With security holder approval under rule 7.1 or rule 7.4 <i>Note:</i> <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> <i>It may be useful to set out issues of securities on different dates as separate line items</i>	3,141,760 shares (on a pre-consolidation basis) on 9 December 2016 (314,176 shares post consolidation) 987,291 shares (on a pre-consolidation basis) on 28 December 2016 (98,729 post consolidation)
“C”	412,905 (post-consolidation)
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	17,675,143
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	412,905
Total [“A” x 0.15] – “C”	17,262,238 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	117,834,291
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	11,783,429
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of ⁺ equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> • This applies to equity securities – not just ordinary securities • Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed • Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained • It may be useful to set out issues of securities on different dates as separate line items	Nil
“E”	Nil
Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	11,783,429
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	Nil
Total [“A” x 0.10] – “E”	11,783,429 <i>Note: this is the remaining placement capacity under rule 7.1A</i>