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## XREF LIMITED

ACN 122 404 666

## NOTICE OF 2019 ANNUAL GENERAL MEETING

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**TIME:** 11:00am

**DATE:** 29 November 2019

**PLACE:** Xref Limited's office  
Suite 17, Level 3, 13 Hickson Road, Dawes Point, Sydney NSW

*This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.*

*Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (02) 8244 3099.*

For personal use only

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## IMPORTANT INFORMATION

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### TIME AND PLACE OF MEETING

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Notice is given that the Xref Limited 2019 Annual General Meeting (AGM or Meeting) will be held at 11:00am (AEDT) on 29 November 2019 at:

Xref Limited's office  
Suite 17, Level 3, 13 Hickson Road, Dawes Point, Sydney NSW

### YOUR VOTE IS IMPORTANT

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The business of the Meeting affects your shareholding and your vote is important.

### VOTING ELIGIBILITY

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The Directors have determined, pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth), that the persons eligible to vote at the Meeting are those who are registered Shareholders at 7:00pm (AEDT) on 27 November 2019.

### VOTING IN PERSON

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

### VOTING BY PROXY

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To vote by proxy, please complete and sign the enclosed Proxy Form, and return it by the time, and in accordance with the instructions, set out on the Proxy Form.

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

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

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. TO CONSIDER THE FINANCIAL STATEMENTS AND REPORTS

To consider the Reports of the Directors and the Auditor, and the Financial Statements of the Company for the year ended 30 June 2019.

**Note:** This item of business is for discussion purposes only and is not a Resolution. Shareholders will be given a reasonable opportunity at the AGM to ask questions about, or make comments in relation to, each of the reports during the consideration of this item.

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#### 2. RESOLUTION 1 – TO APPROVE THE REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a non-binding resolution:

*“That, for the purpose of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company’s Annual Financial Report for the financial year ended 30 June 2019.”*

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

**Voting Exclusion Statement:** A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- b) a Closely Related Party of such a member.

However, a person (the voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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#### 3. RESOLUTION 2 – TO RE-ELECT A DIRECTOR – MR NIGEL HEAP

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

*“That Mr Nigel Heap, a Director, retires by rotation, and being eligible, is re-elected as a Director.”*

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#### 4. RESOLUTION 3 – TO RE-ELECT A DIRECTOR – MR BRAD ROSSER

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

*“That Mr Brad Rosser, a Director, retires by rotation, and being eligible, is re-elected as a Director.”*

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#### 5. RESOLUTION 4 – TO APPROVE A 10% PLACEMENT FACILITY

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

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

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour on Resolution 4 by any person (and any associates of such a person) who may participate in the 10% Placement Facility and any person (and any associates of such a person) who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares, if Resolution 4 is passed. However, the Company need not disregard any vote by any such persons if it is cast by any of them as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or if it is cast by the person who is chairing the AGM 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.

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**6. RESOLUTION 5 – TO RE-INSERT PROPORTIONAL TAKEOVER PROVISIONS IN THE CONSTITUTION**

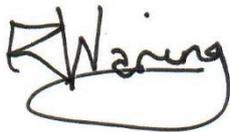
To consider and, if thought fit, to pass, the following resolution as a special resolution:

*“That the proportional takeover provisions in clause 22 of the Company’s Constitution, as included in this Notice of Meeting as Annexure A, be re-inserted into the Constitution for a period of three years commencing on the day this Resolution is passed.”*

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**Dated 25 October 2019**

**By order of the Board**

A handwritten signature in black ink, appearing to read 'R Waring', with a large, sweeping underline that loops back under the first part of the signature.

**Robert J Waring**  
Company Secretary

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## EXPLANATORY NOTES

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These Explanatory Notes have been prepared to provide information that the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions that are the subject of the business of the AGM.

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### 1. TO CONSIDER THE FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include the receipt and consideration of the Annual Financial Report of the Company for the financial year ended 30 June 2019 together with the Declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report.

Xref will not provide a hard copy of the Company's Annual Report to Shareholders unless specifically requested to do so. Xref's Annual Report is available in the Investor Centre section of its website at <https://xref.com/en/investor-centre>.

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### 2. RESOLUTION 1 – TO APPROVE THE REMUNERATION REPORT

#### General

The Corporations Act requires that, at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

#### Voting Consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (Spill Resolution) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against the adoption of the remuneration report and, at the first of those annual general meetings, a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (Spill Meeting) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting, but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

#### Previous Voting Results

At Xref's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

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### 3. RESOLUTIONS 2 AND 3 – TO RE-ELECT DIRECTORS

#### **General**

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

Clause 10.2(b) of the Constitution provides that if the ASX Listing Rules require an election of Directors to be held at an annual general meeting, the Director to retire is:

- a) the Director who has held office as Director for the longest period of time since his or her last election or appointment to that office; or
- b) if two or more Directors have held office for the same period of time, the Director determined by lot, unless those Directors agree otherwise.

The Managing Director is not subject to the requirement to retire pursuant to clause 10.2 of the Constitution.

#### **Qualifications and Other Material Directorships**

**Nigel Heap** is the UK and Ireland Managing Director, and Chairman of the Asia Pacific business, of Hays plc, the leading global professional recruitment group, and a member of the group's management board. He joined Hays in 1988 and over the last 20 years has successfully led the growth of the Asia-Pacific business. Mr Heap has completed INSEAD's Advanced Management Program and holds a Bachelor of Laws from Manchester University.

**Brad Rosser** is a business builder and entrepreneur who worked for McKinsey and Co from 1992 to 1995 before working directly for Richard Branson as Director of Corporate Development for Virgin from 1995 to 1999, helping to identify and implement start-up businesses. He holds an MBA from Cornell University's Johnson Graduate School of Management and a Bachelor of Commerce (Honours) from the University of Western Australia.

#### **Independence**

If re-elected, the Board continues to consider Messrs Heap and Rosser to be independent Directors.

#### **Directors' Recommendation**

The Board (except Mr Heap) supports the re-election of Mr Heap and recommends that Shareholders vote in favour of Resolution 2.

The Board (except Mr Rosser) supports the re-election of Mr Rosser and recommends that Shareholders vote in favour of Resolution 3.

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### 4. RESOLUTION 4 – TO APPROVE A 10% PLACEMENT FACILITY

Resolution 4 seeks Shareholder approval for a 10% placement facility. ASX Listing Rule 7.1A enables an eligible entity to issue Equity Securities of up to 10% of its issued ordinary share capital through placements over a 12-month period after its annual general meeting (10% Placement Facility). The 10% Placement Facility is in addition to the eligible entity's 15% placement capacity under ASX Listing Rule 7.1. An eligible entity, for the purpose of ASX Listing Rule 7.1A, is an entity that is not included in the S&P / ASX 300 Index and has a market capitalisation of \$300 million or less. Xref is an eligible entity. The Company is now seeking Shareholder approval by way of a Special Resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The exact number of Equity Securities that may be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (refer to section 'Formula for Calculating 10% Placement Facility' below).

#### **Description of ASX Listing Rule 7.1A**

##### **Shareholder Approval**

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a Special Resolution at an annual general meeting.

### **Equity Securities**

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities in Xref. The Company, as at the date of this Notice of AGM, has on issue the following classes of Equity Securities:

- 167,461,812 fully paid ordinary shares, quoted on ASX;
- 16,666,666 C Class Performance Rights, not quoted on ASX, with an expiry date of 20 January 2021;
- 5,400,000 options, not quoted on ASX, with an exercise price of \$0.70, and an expiry date of 25 November 2021;
- 2,500,000 options, not quoted on ASX, with an exercise price of \$0.70 and an expiry date of 25 November 2022;
- 906,870 options issued under the Employee Option Plan (EOP), not quoted on ASX, with an exercise price of \$0.585 and an expiry date of 3 July 2021;
- 194,331 options issued under the EOP, not quoted on ASX, with an exercise price of \$0.66 and an expiry date of 5 February 2022;
- 2,500,000 options issued under the EOP, not quoted on ASX, with an exercise price of \$0.70 (with 1,000,000 options expiring if not exercised by 12 February 2021, with 750,000 options expiring if not exercised by 12 February 2022, and with 750,000 options expiring if not exercised by 12 February 2023);
- 315,664 options issued under the EOP, not quoted on ASX, with an exercise price of \$0.66 and an expiry date of 1 August 2022;
- 2,500,000 options issued under the EOP, not quoted on ASX, with an exercise price of \$0.70 and an expiry date of 29 November 2022;
- 300,000 Options issued under the EOP, not quoted on ASX, with an exercise price of \$0.70 and an expiry date of 3 September 2021;
- 300,000 Options issued under the EOP, not quoted on ASX, with an exercise price of \$0.70 and an expiry date of 3 September 2022; and
- 300,000 Options issued under the EOP, not quoted on ASX, with an exercise price of \$0.70 and an expiry date of 3 September 2023.

### **Formula for Calculating 10% Placement Facility**

ASX Listing Rule 7.1A.2 provides that eligible entities that have obtained shareholder approval at an annual general meeting may issue, or agree to issue, during the 10% Placement Period (refer to section '10% Placement Period' below), a number of Equity Securities calculated in accordance with the following formula:

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

Where:

- A** is the number of fully paid ordinary shares on issue 12 months before the date of issue or agreement:
- plus the number of fully paid ordinary shares issued in the 12 months under an exception in ASX Listing Rule 7.2;
  - plus the number of partly paid ordinary shares that became fully paid ordinary shares in the 12 months;
  - plus the number of fully paid ordinary shares issued in the 12 months with approval of holders of ordinary shares under ASX Listing Rules 7.1 and 7.4;
  - less the number of fully paid ordinary shares cancelled in the 12 months.

*(Note that A has the same meaning as in ASX Listing Rule 7.1 when calculating an entity's 15% placement capacity.)*

**D** is 10%

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

### **ASX Listing Rules 7.1 and 7.1A**

The ability of an entity to issue Equity Securities under ASX Listing Rule 7.1A is in addition to the entity's 15% placement capacity under ASX Listing Rule 7.1.

At the date of this Notice of AGM, Xref has on issue 167,461,812 fully paid ordinary shares and therefore has a capacity to issue:

- a) 25,119,272 Equity Securities under ASX Listing Rule 7.1; and
- b) subject to Shareholder approval being obtained under Resolution 4, 16,746,181 Equity Securities under ASX Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have the capacity to issue under ASX Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (refer to section 'Formula for Calculating 10% Placement Facility' above).

#### **Minimum Issue Price**

The issue price of Equity Securities issued under ASX Listing Rule 7.1A must be not less than 75% of the volume-weighted average price (VWAP) of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- a) the date on which the price at which the Equity Securities are to be issued is agreed; or
- b) if the Equity Securities are not issued within five Trading Days of the date referred to in section 'Minimum Issue Price' (a) above, the date on which the Equity Securities are issued.

#### **10% Placement Period**

Shareholder approval of the 10% Placement Facility under ASX Listing Rule 7.1A is valid from the date of the AGM at which the approval is obtained and expires on the earlier to occur of:

- a) the date that is 12 months after the date of the AGM at which the approval is obtained; or
- b) the date of the approval by Shareholders of a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking);

or such longer period if allowed by ASX (10% Placement Period).

#### **ASX Listing Rule 7.1A**

The effect of Resolution 4 will be to allow the Directors to issue the Equity Securities under ASX Listing Rule 7.1A during the 10% Placement Period in addition to using Xref's 15% placement capacity under ASX Listing Rule 7.1. Resolution 4 is a Special Resolution and therefore requires approval of at least 75% of the votes cast by Shareholders entitled to vote (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative) on the Resolution.

#### **Specific Information Required by ASX Listing Rule 7.3A**

Pursuant to, and in accordance with, ASX Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows to the extent that such information is not disclosed elsewhere in these Explanatory Notes:

- a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities in the same class over the 15 Trading Days on which trades in that class were recorded immediately before:
  - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within five Trading Days of the date in section 'Specific Information Required by ASX Listing Rule 7.3A' (a)(i) above, the date on which the Equity Securities are issued.
- b) There is a risk that:
  - (i) the market price for Xref's Equity Securities in the same class may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities in the same class on the issue date, which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the risk of voting dilution of existing Shareholders on the basis of the current market price of Shares and the current number of Shares for variable 'A' calculated in accordance with the formula in ASX Listing Rule 7.1A.2 as at the date of this Notice of AGM. The table also shows:

- two examples where variable 'A' has increased, by 50% and 100%. Variable 'A' is based on the number of ordinary shares Xref has on issue. The number of ordinary shares on issue may increase as a result of issues of ordinary shares that do not require Shareholder approval

(for example, a pro rata entitlement issue) or future-specific placements under ASX Listing Rule 7.1 that are approved at a future Shareholders' meeting; and

- two examples of where the issue price of Shares has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in ASX Listing Rule 7.1A.2		Dilution		
		\$0.21 50% decrease in Issue Price	\$0.42 Issue Price	\$0.84 100% increase Issue Price
Current Variable A: 167,461,812 Shares	<b>10% Voting Dilution</b>	16,746,181 shares	16,746,181 shares	16,746,181 shares
	<b>Funds Raised</b>	\$3,516,698	\$7,033,396	\$14,066,792
50% increase in current Variable A: 251,192,718 Shares	<b>10% Voting Dilution</b>	25,119,272 shares	25,119,272 shares	25,119,272 shares
	<b>Funds Raised</b>	\$5,275,047	\$10,550,094	\$21,100,188
100% increase in current Variable A: 334,923,624 Shares	<b>10% Voting Dilution</b>	33,492,362 shares	33,492,362 shares	33,492,362 shares
	<b>Funds Raised</b>	\$7,033,396	\$14,066,792	\$28,133,584

The table has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the 10% Placement Facility;
  - No current Options are exercised into Shares before the date of the issue of the Equity Securities;
  - The 10% voting dilution reflects the aggregate percentage dilution against the issued Share capital at the time of issue. This is why the voting dilution is shown in each example as 10%;
  - The table does not show an example of dilution that may be caused to a particular Shareholder by reason of a placement under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting;
  - The table shows only the effect of the issue of Equity Securities under ASX Listing Rule 7.1A, not under the 15% placement capacity under ASX Listing Rule 7.1 and no other issues of Equity Securities;
  - The issue of Equity Securities under the 10% Placement Facility consists only of Shares; and
  - The issue price is \$0.42, being the closing price of the Shares on ASX on 7 October 2019.
- c) Xref will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 4 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).
- d) The Company may seek to issue the Equity Securities for the following purposes:
- non-cash consideration for the acquisition of new assets and investments. In such circumstances Xref will provide a valuation of the non-cash consideration as referred to in the Note to ASX Listing Rule 7.1A.3; or
  - cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expenses associated with such an acquisition), for continued development of the Xref business in Australia, the UK, Scandinavia, Canada and in the USA, and for ongoing future working capital purposes.
- e) The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.
- f) Xref's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities and the number of Equity Securities allotted to each allottee will be determined on a case-by-case basis having regard to factors including, but not limited to, the following:
- the methods of raising funds that are available to the Company, including, but not limited to, a rights issue or other issue in which the existing security holders can participate;
  - the effect of the issue of the Equity Securities on the control of Xref;

- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice of AGM, but may include existing substantial Shareholders and / or new shareholders who are not related parties or associates of a related party of Xref. Further, if the Company is successful in acquiring new assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new assets or investments, or the nominee of such vendors.

- g) Xref previously obtained Shareholder approval under ASX Listing Rule 7.1A at its 28 November 2018 AGM, and issued no Shares under that approval.
- h) The total number of Equity Securities issued in the 12 months preceding the date of this Meeting is 7,591,779, made up of 3,876,115 fully paid ordinary shares and 3,715,664 Options. The issue of Shares represents approximately 2.6% of the total fully paid ordinary shares and 2.2% of the fully diluted Equity Securities on issue at the commencement of the 12-month period prior to the date of this Notice of AGM. Details of these issues are:

#### Ordinary Shares

On 31 January 2019 the Company issued 1,992,673 fully paid ordinary shares on the exercise of 1,992,673 options with an exercise price of \$0.23. The closing share price on that date was \$0.47. The names of the entities to whom the Company issued the shares on the exercise of the options were issued were Taycol Nominees Pty Ltd (842,673 shares), Mr Timothy Lloyd Mahony and Jackie Tadranka Pervan <Mahony Super Fund A/C> (900,000 shares) and Jimbzal Pty Ltd <Taylor Family A/C> (250,000 shares). The \$458,315 raised from the exercise of the options was used for ongoing operations including local product sales activities and research and development of new products and to support Xref's international expansion, which includes its ongoing focus on strategic integrations and partnerships, and help to drive the key business metrics of client acquisition and client adoption.

On 9 August 2019 the Company issued 1,583,442 fully paid ordinary shares to the two vendors of Rapid ID Pty Ltd (RapidID) in consideration for the purchase of Rapid ID and its related technology. These shares were issued at a price of \$0.568 per share, being a total amount of \$899,395. The closing share price 9 August 2019 was \$0.46, and the acquisition at \$0.568 represents a 23% premium to the share price on that date. The names of the entities to whom the Company issued the shares issued were Hoedog Enterprises Pty Ltd <Hoey Trust a/c> (829,422 shares) and Mr Mark William Hoey (829,422 754,020 shares). RapidID is a disruptive ID verification and fraud prevention platform, which aggregates leading customer verification technologies to offer flexible and seamless integration for onboarding and risk analysis monitoring. RapidID's platform simplifies identification, screening and compliance in an all-in-one, integrated API which enables real-time identity verification.

On 9 August 2019 the Company issued 300,000 fully paid ordinary shares to RapidID's founder, Ashley Hoey, as a sign-on payment in accordance with his employment contract, covering his role as General Manager of the now wholly-owned subsidiary, RapidID. These shares were issued at a price of \$0.46 per share, being a total amount of \$138,000.

#### Options

On 5 December 2018 the Company issued 3,715,664 options under its EOP to eligible parties. All of these options were issued for no cash consideration. A total of 315,664 options was issued to 24 of Xref's employees and two contractors, and have an exercise price of \$0.66 and will expire if not exercised by 1 August 2022. A total of 2,500,000 options was issued to five of the Company's senior employees, and have an exercise price of \$0.70 and will expire if not exercised by 29 November 2022. A total of 900,000 options was issued to Xref's Chief Operating Officer, and have an exercise price of \$0.70 and will expire if not exercised by 3 September 2023.

A Voting Exclusion Statement for this Resolution is included in this Notice of AGM. At the date of this Notice of AGM, the Company had not approached any particular existing Shareholder or security holder, or an identifiable class of existing security holder, to participate in the issue of the Equity Securities. No existing Shareholders' votes will therefore be excluded under the Voting Exclusion Statement in this Notice of AGM.

### **Directors' Recommendation**

The Directors recommend that Shareholders vote in favour of Resolution 4. The Chair of the Meeting intends to vote any undirected proxies in favour of Resolution 4.

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## **5. RESOLUTION 5 – TO RE-INSERT PROPORTIONAL TAKEOVER PROVISIONS IN THE CONSTITUTION**

### **Background**

A proportional takeover bid is an off-market bid under which an offer is made for only a proportion of each shareholder's securities. The Corporations Act 2001 (Cth) permits a company to include in its constitution provisions prohibiting the registration of a transfer of securities resulting from a proportional takeover bid, unless the relevant holders of the securities approve the bid in a meeting. It is a requirement of the Corporations Act that such provisions in a company's constitution apply for a maximum period of three years, unless renewed earlier by special resolution. In the case of Xref, such proportional takeover bid approval provisions (existing in clause 22 of the Constitution) (Provisions) have lapsed. The Directors consider that it is in the best interests of Shareholders to renew these Provisions in their existing form. Accordingly, a special resolution is being put to Shareholders under section 648G of the Corporations Act to renew Provisions. If renewed by Shareholders at the Meeting, the Provisions will continue to operate for a further three years from the date of the Meeting (i.e. until 29 November 2022), subject to further renewal.

### **Effect of Provisions**

The effect of the Provisions, as renewed, will be that where a proportional takeover bid is made for securities in the Company (i.e. a bid is made for a specified proportion, but not all, of each holder's bid class securities), the Directors must convene a meeting of holders of the relevant securities to vote on a resolution to approve that bid. The meeting must be held, and the resolution voted on (other than by the bidder and their associates), at least 14 days before the last day of the bid period. To be passed, the resolution must be approved by a majority of votes at the meeting. However, the Corporations Act also provides that, if the meeting is not held within the time required, then a resolution to approve the proportional takeover bid will be deemed to have been passed. If the Resolution to approve the proportional takeover bid is passed or deemed to have been passed, the transfer of securities resulting from acceptance of an offer under that bid will be permitted, and the transfers registered, subject to the Corporations Act and the Constitution of the Company. If the Resolution is rejected, the registration of any transfer of shares resulting from an offer under the proportional takeover bid will be prohibited and the bid deemed to be withdrawn. The Provisions, as renewed, will not apply to full takeover bids.

### **Reasons for Proposing the Resolution**

The Board considers that Shareholders should continue to have the opportunity to vote on a proposed proportional takeover bid. In the absence of the Provisions, as renewed, a proportional takeover bid for Xref may enable effective control of the Company to be acquired by a person who has not offered to acquire 100% of Xref's shares (and, therefore, has not offered to pay a 'control premium' that reflects 100% ownership). As a result, if a proportional takeover bid for the Company is made:

- Shareholders may not have the opportunity to dispose of all their Shares; and
- Shareholders risk becoming part of a minority interest in Xref or suffering loss following such a change of control if the market price of the Company's shares decreases or Xref's shares become less attractive and, accordingly, more difficult to sell.

If the Provisions are renewed, the Board considers that this risk will be minimised by enabling Shareholders to decide whether or not a proportional takeover bid should be permitted to proceed.

### **Present Acquisition Proposals**

At the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

### **Potential Advantages and Disadvantages**

The Corporations Act requires these Explanatory Notes to discuss the potential future advantages and disadvantages of the Provisions for both Directors and members.

Re-inserting the proportional takeover provisions will enable the Directors to formally ascertain the views of the Shareholders in respect of a proportional takeover bid. Without such provisions, the Directors are dependent upon their perception of the interests and views of Shareholders. Other than this advantage, the Directors consider that there are no advantages or disadvantages for them as they remain free to make a recommendation on whether or not a proportional takeover bid should be accepted.

For Shareholders, the potential advantages of the Provisions, as re-inserted, are that they will provide all relevant holders with the opportunity to consider, discuss in a meeting called specifically for the purpose and vote on whether or not a proportional takeover bid should be approved. This affords the relevant members an opportunity to have a say in the future ownership and control of the Company, and help the members to avoid being locked into a minority. Your Directors believe this will encourage any proportional takeover bid to be structured so as to be attractive to at least a majority of the relevant members. It may also discourage the making of a proportional takeover bid that might be considered opportunistic. Knowing the view of a majority of the relevant members may help each individual holder to assess the likely outcome of the proportional takeover bid and decide whether or not to accept an offer under the bid.

A potential disadvantage for Shareholders arising from the Provisions, if re-inserted, is that proportional takeover bids may be discouraged by the further procedural steps that the Provisions entail and, accordingly, this may reduce any takeover speculation element in the price of Xref's securities. Shareholders may be denied an opportunity to sell a portion of their securities at an attractive price where the majority rejects an offer from persons seeking control of the Company.

On balance, the Directors do not perceive those or any other possible disadvantages as justification for not re-inserting the proportional takeover provisions.

### **Directors' Recommendation**

The Board recommends that Shareholders vote in favour of this special Resolution. A special Resolution requires at least 75% of the votes cast by Shareholders who are entitled to vote on the matter.

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## GLOSSARY

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**\$** means Australian dollars.

**AEDT** means Australian Eastern Daylight Time as observed in Sydney, New South Wales, Australia.

**Annual General Meeting** or **Meeting** means the meeting convened by the Notice of Meeting.

**ASX** means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of the Company.

**Chair** means the chairman of the Meeting.

**Closely Related Party** of a member of the Key Management Personnel means:

- a) a spouse or child of the member;
- b) a child of the member's spouse;
- c) a dependent of the member or the member's spouse;
- d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- e) a company the member controls; or
- f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of a 'closely related party' in the Corporations Act.

**Company** means Xref Limited (ACN 122 404 666).

**Corporations Act** means the Corporations Act 2001 (Cth).

**Director/s** means the current director/s of the Company.

**Explanatory Notes** means the explanatory notes accompanying this Notice of Meeting.

**General Meeting** or **Meeting** means the meeting convened by this Notice of Meeting.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board, and means those persons having authority and responsibility for planning, directing and controlling the activities of Xref, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of Xref, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Notice of Meeting / AGM** means this notice of meeting including the Explanatory Notes and the Proxy Form.

**Proxy Form** means the proxy form accompanying this Notice of Meeting.

**Resolution** means a resolution set out in this Notice of Meeting.

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

**Shareholder** means a holder of a Share.

**Xref** means Xref Limited (ACN 122 404 666).

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## ANNEXURE A

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### RESOLUTION 5 – TO RE-INSERT PROPORTIONAL TAKEOVER PROVISIONS IN THE CONSTITUTION

The proportional takeover provisions in clause 22 of the Company's Constitution, in the form below, are proposed to be re-inserted into the Constitution for a period of three years commencing on the day this Resolution is passed.

#### 22. PROPORTIONAL TAKEOVER APPROVAL PROVISIONS

##### 22.1 Refusal to Register Transfers

- a) The Company must refuse to register a transfer of Shares giving effect to a takeover contract resulting from acceptance of an offer made under a proportional takeover bid in respect of a class of Shares unless and until a resolution to approve the proportional takeover bid is passed in accordance with clause 22.2.
- b) This clause 22.1 and clause 22.2 cease to have effect on the day, which is three years after the later of their adoption or last renewal in accordance with the Corporations Act.

##### 22.2 Approval Procedure

- a) Where offers are made under a proportional takeover bid, the Board must, subject to the Applicable Law, call and arrange to hold a meeting of persons entitled to vote on a resolution to approve the proportional takeover bid.
- b) Subject to this Constitution, in the case of a proportional takeover bid, each person (other than the bidder under a proportional takeover bid or an associate of that bidder) who, as at the end of the day on which the first offer under that bid was made, held bid class securities for that bid:
  - i. is entitled to vote on the resolution referred to in clause 22.2a) and
  - ii. has one vote for each Share in the bid class securities that the person holds.
- c) The provisions of this Constitution concerning meetings of Shareholders apply to a meeting held pursuant to clause 22.2a) with any modifications that the Board resolves are required in the circumstances.
- d) A resolution referred to in clause 22.2a) that has been voted on is passed if more than 50% of votes cast on the resolution are in favour of the resolution and otherwise is taken to have been rejected.
- e) If a resolution referred to in clause 22.2a) has not been voted on as at the end of the day before the 14th day before the last day of the takeover bid period under the proportional takeover bid, then that resolution is taken to have been passed.

# XREF

Notes

For personal use only

For personal use only



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**XREF LIMITED**

ACN 122 404 666

Suite 17, Level 3, 13 Hickson Road, Dawes Point, Sydney NSW

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## Need assistance?



**Phone:**

1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)



**Online:**

[www.investorcentre.com/contact](http://www.investorcentre.com/contact)

XF1

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **11:00 am (AEDT) on Wednesday 27 November 2019.**

# Proxy Form

## How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

### APPOINTMENT OF PROXY

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

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

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

## SIGNING INSTRUCTIONS FOR POSTAL FORMS

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

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

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

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

## ATTENDING THE MEETING

**If you are attending in person, please bring this form with you to assist registration.**

### Corporate Representative

If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Appointment of Corporate Representative" prior to admission. A form may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

## Lodge your Proxy Form:

**XX**

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



**Control Number: 999999**

**SRN/HIN: I9999999999**

**PIN: 99999**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

# Proxy Form

Please mark  to indicate your directions

## Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Xref Limited hereby appoint

the Chairman of the Meeting **OR**

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Xref Limited to be held at Xref Limited's office, Suite 17, Level 3, 13 Hickson Road, Dawes Point, Sydney NSW on Friday, 29 November 2019 at 11:00 am (AEDT) and at any adjournment or postponement of that meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Item 1 (except where I/we have indicated a different voting intention in step 2) even though Item 1 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Item 1 by marking the appropriate box in step 2.

## Step 2 Items of Business

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

	For	Against	Abstain
1 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of a Director - Mr Nigel Heap	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of a Director - Mr Brad Rosser	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approve a 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Re-insert Proportional Takeover Provisions in the Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1  Securityholder 2  Securityholder 3  / /  
 Sole Director & Sole Company Secretary Director Director/Company Secretary Date

### Update your communication details (Optional)

Mobile Number  Email Address   
 By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

