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**EPAT TECHNOLOGIES LIMITED**

**ACN 146 035 127**

**NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 10.00am (AEST)

**DATE:** 23 November 2016

**PLACE:** Suite 401, 35 Lime Street, Sydney, NSW 2000

***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 (+61 8) 9388 8290.***

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## **IMPORTANT INFORMATION**

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### **TIME AND PLACE OF MEETING**

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Notice is given that the Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10.00am (AEST) on 23 November 2016 at:

Suite 401, 35 Lime Street, Sydney, NSW 2000

### **YOUR VOTE IS IMPORTANT**

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The business of the Annual General 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 Annual General Meeting are those who are registered Shareholders at 7.00pm (AEST) on 21 November 2016.

### **VOTING IN PERSON**

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To vote in person, attend the Annual General 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 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 member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 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 one-half of the votes.

### ***Proxy vote if appointment specifies way to vote***

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

### ***Transfer of non-chair proxy to chair in certain circumstances***

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting;
  - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

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## BUSINESS OF THE MEETING

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### AGENDA

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#### ORDINARY BUSINESS

##### Financial Statements and Reports

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2016 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

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#### 1. RESOLUTION 1 – ADOPTION OF 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 2016."*

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

##### Voting Prohibition Statement:

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

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

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

- (c) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (d) 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 if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

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#### 2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – ADAM DAVEY

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

*"That, for the purpose of clause 11.3 of the Constitution and for all other purposes, Mr Adam Davey, a Director, retires by rotation, and being eligible, is re-elected as a Director."*

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### 3. RESOLUTION 3 – ISSUE OF OPTIONS TO DIRECTOR JOHN MURRAY

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

*“That, for the purposes of sections 195(4) and 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue 24,599,497 Options to John Murray (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Mr Murray (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, 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.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

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

However, the above prohibition does not apply if:

- (a) the proxy is the Chair of the Meeting; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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### 4. RESOLUTION 4 – ISSUE OF OPTIONS TO DIRECTOR PHILIP DAFFAS

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

*“That, for the purposes of sections 195(4) and 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue 40,999,162 Options to Philip Daffas (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Mr Daffas (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, 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.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

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

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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## 5. RESOLUTION 5 – ISSUE OF OPTIONS TO DIRECTOR ROSS HARRICKS

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

*"That, for the purposes of sections 195(4) and 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue 12,299,748 Options to Ross Harricks (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Mr Harricks (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, 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.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

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

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**6. RESOLUTION 6 – ISSUE OF OPTIONS TO DIRECTOR ADAM DAVEY**

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

*“That, for the purposes of sections 195(4) and 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue 12,299,748 Options to Adam Davey (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Mr Davey (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, 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.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

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

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**DATED: 14 OCTOBER 2016**

**BY ORDER OF THE BOARD**



**IAN HOBSON  
COMPANY SECRETARY**

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

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### 1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2016 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at [www.epattechnologies.com](http://www.epattechnologies.com)

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

#### 2.1 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 Directors or 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 the financial year ending 30 June 2016.

A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting.

#### 2.2 Voting consequences

Under Part 2G.2, Division 9 of the Corporations Act, if at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report in two consecutive annual general meetings, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of directors of the Company (**Spill Resolution**) at the second annual general meeting.

If more than 50% of shareholders vote in favour of the Spill Resolution, the company must convene the extraordinary general 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 financial year ended immediately before the second annual general meeting) 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.

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

### 2.3 Proxy Restrictions

Shareholders appointing a proxy for Resolution 1 should note the following:

#### ***If you appoint a member of the Key Management Personnel as your proxy***

If you elect to appoint a member of Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of that member, **you must direct the proxy how they are to vote**. Undirected proxies granted to these persons will not be included in any vote on Resolution 1.

#### ***If you appoint the Chair as your proxy***

If you elect to appoint the Chair as your proxy, you **do not** need to direct the Chair how you wish them to exercise your vote on Resolution 1. By signing and returning the Proxy Form, you are considered to have provided the Chair with an express authorisation to vote the proxy in accordance with the Chair's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

#### ***If you appoint any other person as your proxy***

You **do not** need to direct your proxy how to vote.

### 2.4 Definitions

**Key Management Personnel** has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

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

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

**Remuneration Report** means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2016.

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### 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – ADAM DAVEY

Listing Rule 14.4 and Clause 11.3 of the Constitution requires that at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third, shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Director to retire at an annual general meeting is the director who has been longest in office since their last election. A Director who retires by rotation under clause 11.3 of the Constitution is eligible for re-election.

The Company currently has 4 Directors (including 1 Managing Director) and accordingly 1 must retire.

Mr Adam Davey, the Director longest in office since his last election, retires by rotation and seeks re-election.

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### 4. RESOLUTIONS 3, 4, 5 AND 6 – ISSUE OF RELATED PARTY OPTIONS

#### 4.1 General

As set out in section 10.6 of the Prospectus and the notice of extraordinary general meeting held on 31 August 2016, the Company has agreed with each of the Directors, subject to obtaining Shareholder approval, to issue the number of options to be determined as a percentage of the fully diluted equity securities of the Company immediately following completion of the EPAT Acquisition and the relisting of the Company's shares on the ASX. The capital raising has concluded for an amount of \$4,732,500 and therefore the Company's capital structure is as follows:

	Number of fully paid ordinary shares	Number of options	Fully Diluted
Shares and options on issue at 30 June 2016	296,805,545	88,436,522	
Consolidation of capital	(127,202,112)	(37,901,343)	
Shares and options on issue after consolidation of capital	<b>169,603,433</b>	<b>50,535,179</b>	<b>220,138,612</b>
Issue of shares and options to convertible note holders	52,500,000	52,500,000	105,000,000
Issue of shares to ePAT vendors	213,219,618	-	213,219,618
Issue of shares pursuant to offer under Prospectus	236,625,000	-	236,625,000
Issue of options to Underwriters	-	45,000,000	45,000,000
<b>Shares and options on issue adjusted for subsequent events</b>	<b>671,948,051</b>	<b>148,035,179</b>	<b>819,983,230</b>

The number of Options applicable to each director (the Related Party Options) is set out as follows:

Name	Position	% of fully diluted equity securities to be granted	Number of Options
Mr John Murray	Non-executive Chairman	3.0%	24,599,497
Mr Adam Davey	Non-executive Director	1.5%	12,299,748
Mr Ross Harricks	Non-executive Director	1.5%	12,299,748
Mr Philip Daffas	Managing Director	5.0%	40,999,162
<b>TOTAL RELATED PARTY OPTIONS</b>			<b>90,198,155</b>

The Related Party Option Terms are set out in Schedule 1. The material terms are:

- (a) The exercise price is 2 cents per share.
- (b) The expiry date of each option shall be 24 November 2019.
- (c) The options are to vest as follows:
  - i. One third after one year of service.
  - ii. One third after the Company makes an announcement that Regulatory Approval to enable commercial use of the EPAT App in Australia, the United States or Europe is received, or the Company has announced the execution of a binding licence agreement to licence the EPAT App to:
    - a. one or more residential aged care facilities facility owners managing in total in excess of 150 beds; or
    - b. one or more medical clinics which service in total in excess of 2,000 patients per year; or
    - c. a metropolitan hospital with in excess of 200 beds; (each an "End User");
    - d. or a global distribution partner with multiple End Users as existing customers.
  - iii. One third upon the Company generating cumulative revenue of \$1,000,000.
  - iv. If a "Change in Control" occurs before a vesting condition has been satisfied, the vesting condition shall be waived and all of the Options shall immediately vest. For the purposes of this clause, "Change in Control" means any of the following events:
    - a. a court orders a meeting to be held in relation to a proposed compromise or arrangement for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other company or companies and the shareholders of the Company approve the proposed compromise or arrangement at such meeting;
    - b. a Takeover Bid (as defined in section 9 of the Corporations Act):
      - i. is announced;
      - ii. has become unconditional; and

- iii. the person making the Takeover Bid has a relevant interest in 50% or more of the Company's shares; or
  - c. any person acquires a relevant interest in 50.1% or more of the Company's shares by any other means.
- v. In the event of a Director being terminated other than with cause or due to the Director's resignation:
  - a. If termination occurs within one year of the date on which the Company's Shares relist on the ASX, the total of vested options is to be adjusted to equal one third of the total number of options to be issued
  - b. If termination occurs between one and two years from the date on which the Company's Shares relist on the ASX, the total of vested options is to be adjusted to equal two thirds of the total number of options to be issued.
  - c. If termination occurs after two years from the date on which the Company's Shares relist on the ASX, the total of vested options is to be adjusted to equal the total number of options to be issued.

Resolutions 3, 4, 5 and 6 seek Shareholder approval for the grant of the Related Party Options to the Directors (or nominees).

## **4.2 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.

The grant of Related Party Options constitutes giving a financial benefit and Messrs Murray, Davey, Harricks and Daffas are each related parties of the Company by virtue of being a Director.

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 in ASX Listing Rule 10.12 applies.

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 circumstances. Accordingly, Shareholder approval is sought for the grant of Related Party Options to the Directors (or their respective nominees).

## **4.3 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)**

Pursuant to and in accordance with the requirements of Section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Related Party Options:

- (a) the related parties are John Murray, Philip Daffas, Ross Harricks and Adam Davey who are related parties by virtue of being directors of the Company;
- (b) the maximum number of Related Party Options to be issued is 90,198,155 (as detailed in Section 4.1 above);
- (c) the Related Party Options will be granted to the Related Parties 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) and it is anticipated the Related Party Options will be issued on one date;
- (d) the Related Party Options will be granted for nil cash consideration, accordingly no funds will be raised;
- (e) the exercise price is set at 2 cents per share;
- (f) the other terms and conditions of the Related Party Options are set out in Schedule 1;
- (g) the value of the Related Party Options using a Black & Scholes valuation methodology is set out in Schedule 2. This valuation provides an estimated value of \$0.012 per Related Party Option, such that the total estimated value of the Related Party Options is as follows:

Name	Number of Options	Estimated value of Options
Mr John Murray	24,599,497	\$295,193.96
Mr Adam Davey	12,299,748	\$147,596.98
Mr Ross Harricks	12,299,748	\$147,596.98
Mr Philip Daffas	40,999,162	\$491,989.94

- (h) the relevant current interest of the Directors in Shares and Option holdings are set out below:

Name	Shares	Number of Options
Mr John Murray	Nil	Nil
Mr Adam Davey	3,540,763	Nil
Mr Ross Harricks	Nil	Nil
Mr Philip Daffas	Nil	Nil

- (i) the remuneration and emoluments from the Company to the Directors for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below,(disregarding the proposed grant of the Related Party Options):

Related Party	Current Financial Year*	Previous Financial Year
Mr John Murray	\$80,000	N/A
Mr Adam Davey	\$40,000	\$30,000
Mr Ross Harricks	\$40,000	N/A
Mr Philip Daffas	\$225,000	N/A

\*To apply from 1 October 2016

- (j) the dilution effect if the Related Party Options granted to the Related Parties are exercised is set out in paragraph 4.4 below;
- (k) the market price for Shares during the term of the Related Party Options would normally determine whether or not the Related Party Options are exercised. If, at any time any of the Related Party Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Related Party Options, there may be a perceived cost to the Company. The trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	\$0.034	3 November 2015
Lowest	\$0.007	30 March 2016
Last	\$0.014	13 July 2016

\*It is noted that the Company completed a 7:4 consolidation of its issued capital on 7 September 2016.

- (l) the purpose of the grant of the Related Party Options to the Directors is to reward Directors for work performed in relation to the relisting transaction (John Murray and Ross Harricks worked for 3 months for no remuneration on this), and to provide a performance linked incentive component in the remuneration package for the Directors to motivate and reward their performance if the Company achieves its objectives going forward;
- (m) John Murray declines to make a recommendation to Shareholders in relation to Resolution 3, Philip Daffas declines to make a recommendation to Shareholders in relation to Resolution 4, Ross Harricks declines to make a recommendation to Shareholders in relation to Resolution 4 and Adam Davey declines to make a recommendation to Shareholders in relation to Resolution 5 due to the respective director having a material personal interest in the outcome of those Resolutions on the basis that the Directors are to be granted Related Party Options in the Company should Resolutions 3, 4, 5 and 6 be passed;
- (n) with the exception of each directors respective approval resolution, no other Director has a personal interest in the outcome of that resolution;
- (o) each director recommends that Shareholders vote in favour of the resolutions that they do not have a personal interest in the outcome for the following reasons:
- (i) the grant of the Related Party Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to

spend a greater proportion of its cash reserves on its operations than it would if cash were given; and

- (ii) it is not thought that there are any significant opportunity costs to the Company or opportunities foregone by the Company in granting the Related Party Options upon the terms proposed;
- (p) in forming their recommendations, each Director considered the experience of the other directors, the current market price of Shares, the current market practices when determining the number of Related Party Options to be granted as well as the exercise price and expiry date of those Related Party Options; and
- (q) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 3, 4, 5 and 6.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Options to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Related Party 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.

#### 4.4 Dilution

Set out below is a worked example of the number of Shares that may be issued upon exercise of the Options issued under Resolutions 3, 4, 5 and 6.

Deemed issue price	Maximum number of Shares which would be issued following exercise of the Related Party Options pursuant to Resolution 4	Current Shares on issue as at the date of this Notice	Number of Shares on issue following exercise of the Related Party Options pursuant to Resolution 4	Dilution effect on existing Shareholders
\$0.02	90,198,155	671,948,051	762,146,206	12%

Assuming no Options are exercised, no other Shares issued and the maximum number of Shares as set out in the worked example above are issued upon exercise of the Related Party Options, the number of Shares on issue would increase from 671,948,051 (being the number of Shares on issue as at the date of this Notice) to 762,146,206 and the shareholding of existing Shareholders would be diluted by 12%.

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## GLOSSARY

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**\$** means Australian dollars.

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

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited.

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

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

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Company** means EPAT Technologies Limited (ACN 146 035 127).

**Constitution** means the Company's constitution.

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

**Directors** means the current directors of the Company.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

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

**Notice** or **Notice of Meeting** or **Notice of Annual General Meeting** means this notice of annual general meeting including the Explanatory Statement and the Proxy Form.

**Prospectus** means the prospectus issued by the Company dated 25 August 2016.

**Proxy Form** means the proxy form accompanying the Notice.

**Resolutions** means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

**Related Party Options** means the options to be issued to the Directors on the terms set out in Schedule 1.

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

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

**AEST** means Australian Eastern Standard Time as observed in Sydney, New South Wales.

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## SCHEDULE 1 – TERMS OF RELATED PARTY OPTIONS

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### TERMS AND CONDITIONS

#### OPTIONS EXPIRING 24 November 2019

The Options to be issued pursuant to the Resolutions will be issued on the following terms:

1. Each Option shall be issued for no consideration.
2. The exercise price is 2 cents per share.
3. The expiry date of each option shall be 24 November 2019.
4. The options are to vest as follows:
  - i. One third after one year of service.
  - ii. One third after the Company makes an announcement that Regulatory Approval to enable commercial use of the EPAT App in Australia, the United States or Europe is received, or the Company has announced the execution of a binding licence agreement to licence the EPAT App to:
    - a. one or more residential aged care facilities facility owners managing in total in excess of 150 beds; or
    - b. one or more medical clinics which service in total in excess of 2,000 patients per year; or
    - c. a metropolitan hospital with in excess of 200 beds; (each an "End User");
    - d. or a global distribution partner with multiple End Users as existing customers.
  - iii. One third upon the Company generating cumulative revenue of \$1,000,000.
  - iv. If a "Change in Control" occurs before a vesting condition has been satisfied, the vesting condition shall be waived and all of the Options shall immediately vest. For the purposes of this clause, "Change in Control" means any of the following events:
    - a. a court orders a meeting to be held in relation to a proposed compromise or arrangement for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other company or companies and the shareholders of the Company approve the proposed compromise or arrangement at such meeting;
    - b. a Takeover Bid (as defined in section 9 of the Corporations Act):
      - i. is announced;
      - ii. has become unconditional; and
      - iii. the person making the Takeover Bid has a relevant interest in 50% or more of the Company's shares; or
    - c. any person acquires a relevant interest in 50.1% or more of the Company's shares by any other means.

- vi. In the event of a Director being terminated other than with cause or due to the Director's resignation:
  - d. If termination occurs within one year of the date on which the Company's Shares relist on the ASX, the total of vested options is to be adjusted to equal one third of the total number of options to be issued
  - e. If termination occurs between one and two years from the date on which the Company's Shares relist on the ASX, the total of vested options is to be adjusted to equal two thirds of the total number of options to be issued.
  - f. If termination occurs after two years from the date on which the Company's Shares relist on the ASX, the total of vested options is to be adjusted to equal the total number of options to be issued.
5. The Options may be transferred at any time in accordance with the Corporations Law, the SCH Business Rules and/or the Listing Rules
6. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
7. The Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 3 business days after the issue is announced. This will give the holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
8. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in the ASX Listing Rules;
9. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
10. The Options shall be exercisable within the vesting restrictions at any time until the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it.
11. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Options.
12. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.
13. Quotation of the Options on ASX will not be sought. However, the Company will apply to ASX for official quotation of Shares issued on the exercise of Options.

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**SCHEDULE 2 – DETAILS OF RELATED PARTY OPTIONS**

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**Table 1 - Option Valuation details**

<b>Details</b>	<b>Input</b>
Share price	\$0.02
Exercise Price	\$0.02
Risk Free Rate (RBA Cash Rate)	1.54%
Volatility (Annualised)	100%
Start Date	24 November 2016
Expiry Date	24 November 2019
<b>Value per Option</b>	<b>\$0.012</b>

**PROXY FORM**

**APPOINTMENT OF PROXY  
EPAT TECHNOLOGIES LTD  
ACN 146 035 127**

**ANNUAL GENERAL MEETING**

I/We

of

being a Shareholder entitled to attend and vote at the Meeting, hereby

appoint

Name of proxy

OR

the Chair as my/our proxy

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 10.00am (AEST), on 23 November 2016 at Suite 401, 35 Lime Street, Sydney, NSW 2000, and at any adjournment thereof.

**Authority for Chair to vote undirected proxies on remuneration related resolutions**

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1, 3, 4, 5 and 6 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 3, 4, 5 and 6 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel which includes the Chair.

**The Chair intends to vote all undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intentions on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.**

**Voting on business of the Meeting**

	<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
Resolution 1 – Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Re-election of Director Adam Davey	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Issue of Options to Director - John Murray	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Issue of Options to Director - Philip Daffas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Issue of Options to Director - Ross Harricks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 – Issue of Options to Director – Adam Davey	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is \_\_\_\_\_ %

**Signature of Shareholder(s):**

**Date:** \_\_\_\_\_

**Individual or Shareholder 1**

**Shareholder 2**

**Shareholder 3**




**Sole Director/Company Secretary**

**Director**

**Director/Company Secretary**

**Contact Name:** \_\_\_\_\_ **Contact Ph (daytime):** \_\_\_\_\_

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## Instructions for Completing 'Appointment of Proxy' Form

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1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
  - **(Individual):** Where the holding is in one name, the Shareholder must sign.
  - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
  - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) post to EPAT Technologies Ltd, PO Box 226, Subiaco, WA, 6904; or
  - (b) facsimile to the Company on facsimile number +61 8 (61) 8 9388 8256;
  - (c) email to: [ianhobson@bigpond.com](mailto:ianhobson@bigpond.com),so that it is received not less than 48 hours prior to commencement of the Meeting.

**Proxy Forms received later than this time will be invalid.**