

NEXION GROUP LTD

ACN 628 415 887

NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 2:30pm (WST)

DATE: Friday, 4 February 2022

PLACE: The Garden Office Park Conference Centre
Ground Floor Building C
The Garden Office Park
355 Scarborough Beach Road
OSBORNE PARK WA 6017

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

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.

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 4:00pm (WST) on Wednesday, 2 February 2022.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF PLACEMENT SHARES – LISTING RULE 7.1

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

“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 16,562,500 Shares on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution. Please see below.

2. RESOLUTION 2 – APPROVAL TO ISSUE PLACEMENT OPTIONS

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

“That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 8,281,250 Options on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution. Please see below.

3. RESOLUTION 3 – ISSUE OF SHARES AND OPTIONS TO RELATED PARTY – KEVIN READ

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

“That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 125,000 Shares and 62,500 Options to Kevin Read (or his nominees) on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution. Please see below.

4. RESOLUTION 4 – ISSUE OF SHARES AND OPTIONS TO RELATED PARTY – PETER CHRISTIE

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

“That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 208,750 Shares and 104,375 Options to Peter Christie (or his nominees) on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution. Please see below.

5. RESOLUTION 5 – ISSUE OF SHARES AND OPTIONS TO RELATED PARTY – CHRISTOPHER DALY

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

"That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 208,750 Shares and 104,375 Options to Christopher Daly (or his nominees) on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

6. RESOLUTION 6 – SECTION 195 APPROVAL

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

"That, for the purposes of section 195(4) of the Corporations Act and for all other purposes, Shareholders approve and authorise the Directors to complete the issues as contemplated in Resolutions 3 to 5 (inclusive)."

7. RESOLUTION 7 – APPROVAL TO ISSUE SHARES AND OPTIONS TO MS SARGEANT AND MR MORGAN

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

"That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 82,500 Shares, comprising 20,000 Shares to be issued to Ms Karen Sargeant and 62,500 Shares to be issued to Mr Jamie Morgan (or their nominees), together with one (1) free attaching Option for every two (2) Shares subscribed for and issued, on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

Dated: 22 December 2021

By order of the Board

**Jack Toby
Company Secretary**

Voting Exclusion Statements

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the resolution set out below by or on behalf of the following persons:

Resolution 1 – Ratification of prior issue of Shares	A person who participated in the issue or is a counterparty to the agreement being approved (namely clients of Bridge Street Capital Partners Pty Ltd) or an associate of that person or those persons.
Resolution 2 – Approval to issue Options	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) (namely clients of Bridge Street Capital Partners Pty Ltd) or an associate of that person (or those persons).
Resolution 3 – Issue of Shares and Options to Related Party	Kevin Read (or their nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
Resolution 4 – Issue of Shares and Options to Related Party	Peter Christie (or their nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
Resolution 5 – Issue of Shares and Options to Related Party	Christopher Daly (or their nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
Resolution 7 – Approval to issue Shares and Options	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) (namely Karen Sargeant and Jamie Morgan) or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting by proxy

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, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

If the member appoints two (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.

Shareholders and their proxies should be aware that:

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

Voting in person

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

You may still attend the meeting and vote in person even if you have lodged appointed a proxy. If you have previously submitted a Proxy Form, your attendance will not revoke your proxy appointment unless you actually vote at the meeting for which the proxy is proposed to be used, in which case, the proxy's appointment is deemed to be revoked with respect to voting on that resolution.

Please bring your personalised Proxy Form with you as it will help you to register your attendance at the meeting. If you do not bring your Proxy Form with you, you can still attend the meeting but representatives from Computershare Investor Services Pty Limited will need to verify your identity. You can register from 2:15pm (WST) on the day of the meeting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on 1300 436 110.

EXPLANATORY STATEMENT

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.

1. BACKGROUND

1.1 Placement

On 17 November 2021 the Company announced it had received firm commitments to raise \$2.75 million before costs, through a placement of new Shares and Options (**Placement**). The Placement will result in the issue of 17,187,500 Shares at an issue price of \$0.16 per share (**Placement Shares**), which will rank equally with the Company's ordinary shares in all respects, comprising 16,562,500 shares to be issued pursuant to the Company's Listing Rule 7.1 (15% capacity to eligible participants (**Unrelated Participants**)).

Additionally, the Company proposes to issue an additional 625,000 Placement Shares to the Directors of the Company or their nominees, subject to Shareholder approval sought pursuant to Resolutions 3 – 5.

1.2 Free Attaching Options

The Company further proposes to issue the Unrelated Participants with one free attaching unlisted option for every two placement shares issued (totalling approximately 8,593,749 Options), with an exercise price of \$0.30 and an expiry date that is three years from their date of issue, subject to Shareholder approval sought pursuant to Resolution 2 (**Placement Options**). Fractional entitlements will be rounded down.

Subject to Shareholder approval sought pursuant to Resolutions 3 – 5, it is also proposed that the Directors will receive Placement Options on the same basis as the Unrelated Participants.

2. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF SHARES – LISTING RULE 7.1

2.1 General

On 24 November 2021, the Company issued 16,562,500 Placement Shares at an issue price of \$0.16 per Share to raise \$2,650,000.

The Company engaged the services of Bridge Street Capital Partners Pty Ltd (ACN 164 702 005) (**Bridge Street**), (AFSL 456663), to manage the issue of the Placement Shares. The Company has agreed to pay Bridge Street a management fee of 2% of the total amount raised under the issue of the Placement Shares, as well as a placement fee calculated as 4% of the total funds raised.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its Shareholders over any 12-month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The issue of the Placement Shares does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the

Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12-month period following the date of issue of the Placement Shares.

Listing Rule 7.4 allows the Shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without Shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Placement Shares.

Resolution 1 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Placement Shares.

2.2 Technical information required by Listing Rule 14.1A

If Resolution 1 is passed, the Placement Shares will be excluded in calculating the Company's 15% limit in Listing Rule 7.1 effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12-month period following the date of issue of the Placement Shares.

If Resolution 1 is not passed, the Placement Shares will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12-month period following the date of issue of the Placement Shares.

2.3 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 1:

- (a) the Placement Shares were issued to professional and sophisticated investors who are clients of Bridge Street. The recipients were identified through a bookbuild process, which involved Bridge Street seeking expressions of interest to participate in the capital raising from non-related parties of the Company;
- (b) in accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that none of the recipients were:
 - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
 - (ii) issued more than 1% of the issued capital of the Company;
- (c) 16,562,500 Placement Shares were issued and the Placement Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Placement Shares were issued on 24 November 2021;

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- (e) the issue price was \$0.16 per Placement Share. The Company has not and will not receive any other consideration for the issue of the Placement Shares;
 - (f) the purpose of the issue of the Placement Shares was to raise \$2,650,000, which will be applied towards increased working capital requirements to fund faster than anticipated growth in sales revenue and as partial replenishment of the Company's recent all-cash acquisition of Blue Sky Telecom Pty Ltd for \$2 million as well as to support the Company's ongoing expansion, and for general corporate purposes; and
 - (g) the Placement Shares were not issued under an agreement.

3. RESOLUTION 2 – APPROVAL TO ISSUE PLACEMENT OPTIONS

3.1 General

As set out in Section 1.2, the Company is proposing to issue 8,281,249 Placement Options, comprising one free attaching option for every two Placement Shares issued to each participant of the Placement. Fractional entitlements will be rounded down.

Listing Rule 7.1 is summarised in Section 2.1 above.

The proposed issue of the Placement Options does not fall within any of the exceptions set out in Listing Rule 7.2 and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

3.2 Technical information required by Listing Rule 14.1A

If Resolution 2 is passed, the Company will be able to proceed with the issue of the Placement Options. In addition, the issue of the Placement Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 2 is not passed, the Company will not be able to proceed with the issue of the Placement Options

Resolution 2 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Placement Options.

3.3 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 2:

- (a) the Placement Options will be issued to professional and sophisticated investors who are clients of Bridge Street. The recipients were identified through a bookbuild process, which involved Bridge Street seeking expressions of interest to participate in the capital raising from non-related parties of the Company;
- (b) in accordance with paragraph 7.2 of ASX Guidance Note 21, the Company confirms that none of the recipients will be:
 - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the

Company, advisers of the Company or an associate of any of these parties; and

- (ii) issued more than 1% of the issued capital of the Company;
- (c) the maximum number of Placement Options to be issued is of 8,281,249. The terms and conditions of the Placement Options are set out in Schedule 1;
- (d) the Placement Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Placement Options will occur on the same date;
- (e) the Placement Options will be issued free attaching with the Placement Shares on a 1 for 2 basis at a nil issue price. Fractional entitlements will be rounded down;
- (f) the purpose of the issue of the Placement Options is to incentivise Unrelated Participants to take up the Company's Placement offer;
- (g) the Placement Options are not being issued under an agreement; and
- (h) the Placement Options are not being issued under, or to fund, a reverse takeover.

4. RESOLUTIONS 3 – 5 – ISSUE OF SHARES AND OPTIONS TO RELATED PARTIES – KEVIN READ, PETER CHRISTIE AND CHRISTOPHER DALY

4.1 General

As set out in Section 1 above, Directors Kevin Read, Peter Christie and Christopher Daly wish to participate in the Placement on the same terms as Unrelated Participants in the Placement (**Participation**).

The Company is proposing, subject to obtaining Shareholder approval, to issue up to a total of 542,500 Placement Shares and 271,250 Placement Options pursuant to the Participation, comprising:

- (a) pursuant to Resolution 3, 125,000 Placement Shares and up to 62,500 Placement Options to Kevin Read (or his nominees);
- (b) pursuant to Resolution 4, 208,750 Placement Shares and up to 104,375 Placement Options to Peter Christie (or his nominees); and
- (c) pursuant to Resolution 5, 208,750 Placement Shares and up to 104,375 Placement Options to Christopher Daly (or his nominees),

(together, the **Related Parties**) on the terms and conditions set out below.

It is noted that the total of 542,500 Placement Shares and 271,250 Placement Options differs slightly to the Company's announcement on 17 November 2021, which stated that the Related Parties would be issued 625,000 Placement Shares and 312,500 Placement Options, subject to Shareholder approval.

The remaining balance of the securities, being 82,500 Placement Shares and 41,250 Placement Options, will be issued to members of the Company's senior management, subject to Shareholder approval sought pursuant to Resolution 7.

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 Participation will result in the issue of Shares and Options which constitutes giving a financial benefit and the Related Parties are related parties of the Company by virtue of being Directors.

The Board considers that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the Placement Shares will be issued to the Directors (or their nominees) on the same terms as the Placement Shares and Options issued to non-related party participants in the Placement and as such the giving of the financial benefit is on arm's length terms.

4.3 Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- 10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its Shareholders,

unless it obtains the approval of its Shareholders.

The Participation falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolutions 3 – 5 seek Shareholder approval for the Participation under and for the purposes of Listing Rule 10.11.

4.4 Technical information required by Listing Rule 14.1A

If Resolutions 3 – 5 are passed, the Company will be able to proceed with the issue of the Placement Shares and Placement Options under the Participation within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and will raise additional funds which will be applied towards for working capital to support the Company's ongoing expansion and for general corporate purposes. As approval pursuant to Listing Rule 7.1 is not required for the issue of the Placement Shares and Placement Options in respect of the Participation (because approval is being obtained under Listing Rule 10.11), the issue of the Placement Shares and Placement Options will not use up any of the Company's 15% annual placement capacity.

If Resolutions 3 – 5 are not passed, the Company will not be able to proceed with the issue of the Placement Shares and Placement Options under the Participation and no further funds will be raised in respect of the Placement.

4.5 Technical Information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolutions 3 – 5:

- (a) the Placement Shares and Placement Options will be issued to the Related Parties (or their nominees), who fall within the category set out in Listing Rule 10.11.1, as the Related Parties are related parties of the Company by virtue of being Directors;
- (b) the maximum number of Placement Shares to be issued is 625,000 and the maximum number of Placement Options to be issued is 312,500 (as the Placement Options for every 2 Placement Shares issued (fractional entitlements will be rounded down), on a free attaching basis) as set out in Section 4.1, comprising:
 - (i) pursuant to Resolution 3, 125,000 Placement Shares and 62,500 Placement Options to Kevin Read (or his nominees);
 - (ii) pursuant to Resolution 4, 208,750 Placement Shares and 104,375 Placement Options to Peter Christie (or his nominees); and
 - (iii) pursuant to Resolution 5, 208,750 Placement Shares and 104,375 Placement Options to Christopher Daly (or his nominees);
- (c) the Placement Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the terms and conditions of the Placement Options are set out in Schedule 1;
- (e) the Placement Shares and Placement Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated that the Placement Shares and Placement Options will be issued on the same date;

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- (f) the issue price will be \$0.16 per Placement Share, being the same issue price as Placement Shares issued to the Unrelated Participants, and nil per Placement Option as the Placement Options will be issued free attaching with the Placement Shares on a 1 for 2 basis. Fractional entitlements will be rounded down. The Company will not receive any other consideration for the issue of the Placement Shares and Placement Options (other than in respect of funds received on exercise of the Placement Options);
 - (g) the purpose of the issue of the Placement Shares and Placement Options to the Related Parties under the Participation is to raise \$86,800, which the Company intends to apply towards increased working capital requirements to fund faster than anticipated growth in sales revenue and as partial replenishment of the Company's recent all-cash acquisition of Blue Sky Telecom Pty Ltd for \$2 million, as well as to support the Company's ongoing expansion and for general corporate purposes;
 - (h) the Placement Shares and Placement Options to be issued under the Participation are not intended to remunerate or incentivise the Related Parties;
 - (i) the Placement Shares and Placement Options are not being issued under an agreement; and
 - (j) voting exclusion statements are included in Resolutions 3 – 5 of the Notice.

5. RESOLUTION 6 – SECTION 195 APPROVAL

Section 195 of the Corporations Act essentially provides that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a 'material personal interest' are being considered.

The Directors have a material personal interest in the outcome of Resolutions 3 – 5 (inclusive). In the absence of Resolution 6, the Directors may not be able to form a quorum at a Director's meeting necessary to carry out the terms of these Resolutions.

The Directors have accordingly exercised their right under section 195(4) of the Corporations Act to put the issue to Shareholders to resolve upon.

6. RESOLUTION 7– APPROVAL TO ISSUE SHARES AND OPTIONS

6.1 General

The Company is proposing to issue a total of 82,500 Placement Shares together with 41,250 Placement Options pursuant to the Placement to Ms Karen Sargeant, Services Delivery Manager of the Company and Mr Jamie Morgan, Chief Revenue Officer of the Company (together, the **Senior Managers**), comprising:

- (a) 20,000 Placement Shares and 10,000 Placement Options to Ms Sargeant (or her nominees); and
- (b) 62,500 Placement Shares and 31,250 Placement Options to Mr Morgan (or his nominees).

Listing Rule 7.1 is summarised in Section 2.1 above.

The proposed issue of the Placement Shares and Placement Options does not fit within any of the exceptions set out in Listing Rule 7.2. While the issue does not exceed the 15% limit in Listing Rule 7.1 and can therefore be made without breaching that rule, the Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder approval pursuant to Listing Rule 7.1 so that it does not use up any of its 15% placement capacity under Listing Rule 7.1.

6.2 Technical information required by Listing Rule 14.1A

If Resolution 7 is passed, the Company will be able to proceed with the issue of the Placement Shares and Placement Options. In addition, the issue of the Placement Shares and Placement Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 7 is not passed, the issue of the Placement Shares and Placement Options can still proceed but it will reduce, to that extent, the Company's capacity to issue equity securities without Shareholder approval under Listing Rule 7.1 for 12 months following the issue.

Resolution 7 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Placement Shares and Placement Options.

6.3 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 7:

- (a) the Placement Shares and Placement Options will be issued to the Senior Managers;
- (b) in accordance with paragraph 7.2 of ASX Guidance Note 21, the Company confirms that none of the recipients will be:
 - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
 - (ii) issued more than 1% of the issued capital of the Company;
- (c) the maximum number of Shares to be issued is 82,500 and the maximum number of Options to be issued is 41,250 as the Options will be issued free attaching with the Shares on a one for two basis;
- (d) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (e) the Options will be issued on the terms and conditions set out in Schedule 1;
- (f) the Placement Shares and Placement Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules)

and it is intended that issue of the Placement Shares and Placement Options will occur on the same date;

- (g) the issue price will be \$0.16 per Share and nil per Option as the Options will be issued free attaching with the Shares on a one for two basis. The Company will not receive any other consideration for the issue of the Shares and Options (other than in respect of funds received on exercise of the Options);
- (h) the purpose of the issue of the Placement Shares and Placement Options is to raise \$13,200, which will be applied towards increased working capital requirements to fund faster than anticipated growth in sales revenue and as partial replenishment of the Company's recent all-cash acquisition of Blue Sky Telecom Pty Ltd for \$2 million, as well as to support the Company's ongoing expansion and for general corporate purposes (consistent with the funds raised under the Placement);
- (i) the Placement Shares and Placement Options are not being issued under an agreement; and
- (j) the Placement Shares and Placement Options are not being issued under, or to fund, a reverse takeover.

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

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.

Chair means the chair of the Meeting.

Company means NEXION Group Ltd (ACN 628 415 887).

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 the Notice.

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

Listing Rules means the Listing Rules of ASX.

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

Option means a free attaching option to acquire a Share with the terms and conditions set out in Schedule 1.

Optionholder means a holder of an Option.

Proxy Form means the proxy form accompanying the Notice.

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

Section means a section of the Explanatory Statement.

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

Shareholder means a registered holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF OPTIONS

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

- (a) Each Option entitles the holder to subscribe for one (1) Share upon exercise of the Option.
- (b) Subject to paragraph (g), the amount payable upon exercise of each Option will be \$0.30 (**Exercise Price**).
- (c) The Options will expire at 5.00pm, Western Standard Time on three years after issue of the options (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (d) The Company may, in its absolute discretion and subject to the requirements of ASX Listing Rule 2.5, apply for official quotation of the Options on the ASX. In the event that the Options are granted official quotation on the ASX in the future, the Company is under no obligation to maintain the quotation and may take any action that may result in termination of quotation of the Options by the ASX.
- (e) If the Options are not quoted on the ASX, the Optionholder must not offer any of the Options, or the Shares issued on exercise of the Options, for sale to any person (**Secondary Offer**) within 12 months from the respective date of issue of those Options or Shares (as applicable) unless:
- (i) the Secondary Offer does not require disclosure as a result of sections 707 or 708 of the Corporations Act (excluding section 708(1) of the Corporations Act);
 - (ii) the Secondary Offer does not require disclosure as a result of section 708A or ASIC Class Order 04/671 or any variation or replacement of such Class Order;
 - (iii) the Secondary Offer is made pursuant to a disclosure document in accordance with the Corporations Act; or
 - (iv) the Secondary Offer is received by a person outside Australia.
- For the avoidance of doubt, paragraph (e)(iii) does not create any obligation on the Company to issue a disclosure document (whether at its cost or otherwise).
- (f) There are no participation rights or entitlements inherent in the 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 Options without exercising the Options.
- (g) 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 ASX Listing Rules at the time of the reorganisation, but in all other respects the terms of exercise will remain unchanged.
- (h) The Options shall be exercisable by the delivery to the registered office of the Company of a notice in writing stating the intention of the Optionholder to exercise all or a specified number of Options held by them accompanied by an

Option Certification and payment to the Company for the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company. An exercise of only some Options shall not affect the rights of the Optionholder to the balance of the Options held by them.

- (i) The notice of exercise of Options may be deemed by the Company to be received at the end of the calendar month in which it is actually received and the Company shall comply with the ASX Listing Rules with respect to the issue of resultant Shares and the issue of a statement of shareholding.
- (j) Shares issued pursuant to an exercise of Options shall rank, from the date of issue, equally with the existing Shares of the Company in all respects.
- (k) If admitted to the official list of ASX at the time, the Company shall make an application to have those Shares issued pursuant to an exercise of Options listed for official quotation by ASX.
- (l) If there is a bonus share issue to the holders of Shares, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Optionholder would have received if the Option had been exercised before the record date for the bonus issue.
- (m) There is no right to change the exercise price of the Options nor the number of underlying Shares over which the Options can be exercised.
- (n) If at any time the Options are quoted on the ASX then the Options are transferable at such time. If at any time the Options are not quoted on the ASX and they have been issued for less than 12 months, then the Options are not transferable at such time. If at any time the Options have been issued for 12 months or more, then the Options are transferrable at such time.

PROXY FORM

**NEXION GROUP LTD
ACN 628 415 887
GENERAL MEETING**

I/We

of:

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

Name:

OR: the Chair of the Meeting 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 2:30pm (WST), on Friday, 4 February 2022 at The Garden Office Park Conference Centre, Ground Floor Building C, The Garden Office Park, 355 Scarborough Beach Road OSBORNE PARK WA 6017, and at any adjournment thereof.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention 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		FOR	AGAINST	ABSTAIN
Resolution 1	Ratification of Prior Issue of Placement Shares – Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval to Issue Placement Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Issue of Shares and Options to Related Party – Kevin Read	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Shares and Options to Related Party – Peter Christie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Issue of Shares and Options to Related Party – Christopher Daly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Section 195 Approval	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval to Issue Shares and Options to Ms Sargeant and Mr Morgan	<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):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date: _____

Contact name: _____

Contact ph (daytime): _____

E-mail address: _____

Consent for contact by e-mail in relation to this Proxy Form: YES NO

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Instructions for completing Proxy Form

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. **Compliance with Listing Rule 14.11**

In accordance to Listing Rule 14.11, if you hold Shares on behalf of another person(s) or entity/entities or you are a trustee, nominee, custodian or other fiduciary holder of the Shares, you are required to ensure that the person(s) or entity/entities for which you hold the Shares are not excluded from voting on resolutions where there is a voting exclusion. Listing Rule 14.11 requires you to receive written confirmation from the person or entity providing the voting instruction to you and you must vote in accordance with the instruction provided.

By lodging your proxy votes, you confirm to the Company that you are in compliance with Listing Rule 14.11.

4. **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.

5. **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.

6. **Lodgement of Proxy Form**

Proxy forms can be lodged:

(a) by completing and signing the enclosed Proxy Form and returning by:

- (i) post to Nexion Group Ltd, Level 2, Building C, 355 Scarborough Beach Road, Osborne Park WA 6017;
- (ii) facsimile to the Company on facsimile number +61 8 6477 3608; or
- (iii) email to the Company at Jack.Toby@nexiongroup.io,

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.

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