

AWN HOLDINGS LIMITED

ACN 103 472 751

Notice of Annual General Meeting & Explanatory Memorandum

AWN Holdings Limited ACN 103 472 751

To be held at: Level 11, 153 Walker Street, North Sydney NSW 2060
and simultaneously as a virtual meeting
To be held on: 17 November 2022
Commencing: 9am AEST / 10am AEDT

More information regarding online participation at the AGM (including how to vote and ask questions online during the AGM) is set out in **Section C** of this Notice of Annual General Meeting.

Important Information

This Notice of Annual General 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 advisors prior to voting.

Important dates and times

Item	Event	Date
1.	Date of this Notice of Meeting	24 October 2022
2.	Last time and date by which the proxy form for the Annual General Meeting can be lodged	10:00am AEDT (9:00am AEST), 15 November 2022
3.	Time and date for determining eligibility to vote at the Annual General Meeting	10:00am AEDT (9:00am AEST), 15 November 2022
4.	Time and date of the Annual General Meeting	10:00am AEDT (9:00am AEST), 17 November 2022

*Dates are indicative only and subject to change.

Section A - Glossary

Annual General Meeting or AGM	The hybrid annual general meeting of Shareholders convened by the Notice of Meeting.
ASIC	The Australian Securities & Investments Commission.
Board	The board of Directors of the Company.
Business Day	Monday to Friday inclusive, except for public holidays.
Chair	The chair of the General Meeting.
Company, AWN or AWN Holdings Limited	AWN Holdings Limited ACN 103 472 751.
Constitution	The current constitution of the Company.
Corporations Act	The <i>Corporations Act 2001</i> (Cth) for the time being in force together with the <i>Corporations Regulations 2001</i> (Cth).
Directors	The directors of the Company.
Explanatory Memorandum	The information set out in Section D of this Notice of Meeting.
Glossary	The glossary contained in this Section A to this Notice of Meeting.
Notice of Annual General Meeting	The notice of Annual General Meeting set out in Section B of this Notice of Meeting.
Notice of Meeting	This notice of meeting including the Notice of Annual General Meeting, Explanatory Memorandum and the Proxy Form.
Proxy Form	The proxy form accompanying the Notice of Meeting.
Resolution	The Resolutions set out in the Notice of Meeting.
Section	A section of this Notice of Meeting.
Share or Shares	The ordinary shares in the Company.
Shareholder	A holder of one or more Shares.

Section B – Notice of Annual General Meeting

Time and place

Notice is hereby given that the Annual General Meeting (**AGM**) will be held as follows:

- Held at: Level 11, 153 Walker Street, North Sydney NSW 2060 and simultaneously as a virtual meeting
- Held on: Thursday 17 November 2022
- Commencing at: 9am AEST / 10am AEDT

The AGM can be accessed virtually by sending an email to agm@arowanaco.com by 10.00am (AEDT) on 16 November 2022 with your Holder's Name, Address SRN and the Company will allocate you a link for the meeting. Shareholders will be able to vote and direct questions to the Chair by choosing to participate in the AGM virtually.

More information regarding online participation at the AGM (including how to vote and ask questions online during the Meeting) is set out in **Section C** of this Notice of General Meeting.

Entitlement to vote

For the purposes of determining entitlements to vote at the AGM, persons who are the registered holders of fully paid ordinary shares in the Company at 9:00am AEST / 10:00am AEDT, on 15 November 2022, will be treated as Shareholders of the Company. If you are not the registered holder of a share in the Company at that time, you will not be entitled to vote in respect of that share at the AGM.

Explanatory Memorandum

The Explanatory Memorandum in **Section D** which accompanies and forms part of this Notice of Annual General Meeting describes the matters to be considered at the AGM.

Defined terms

Terms used in this Notice of General Meeting have the meaning given to them in the Glossary in **Section A** of this Notice of Meeting.

ITEMS OF BUSINESS

Financial statements and reports

To receive and consider the Company's annual financial report, including the Directors' Report and audit report for the year ended 30 June 2022.

Resolution 1: Re-election of director – Mr Kevin Chin

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

"That Mr Kevin Chin, who retires in accordance with the Company's constitution and, being eligible for re-election, be re-elected as a director."

Short explanation

This Resolution is required in connection with clause 6.7(c) of the Constitution, such that a director must not hold office (without re-election) past the third annual general meeting following the director's appointment or 3 years, whichever is longer. Mr Kevin Chin was most recently re-elected as a Director on 28 November 2019.

Resolution 2: Amendments to Company's Constitution

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

"That, in accordance with section 136(2) of the Corporations Act, the Company's Constitution be modified in the manner set out in the revised constitution tabled at the meeting and signed by the Chair for the purposes of identification as described in the Explanatory Notes accompanying this Notice of Annual General Meeting."

Short explanation

This Resolution approves changes to the Company's Constitution which will allow the Company to hold General Meetings using virtual meeting technology. The proposed changes are described in the Explanatory Notes accompanying this Notice of Annual General Meeting and a complete copy of the amended Constitution will be provided to Shareholders on request.

Resolution 3: Approval of Financial Assistance

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

"THAT for the purposes of section 260B(3) of the Corporations Act and for all other purposes, approval is given for financial assistance to be provided by the Targets in connection with the Acquisition in each case as defined and described in the Explanatory Memorandum accompanying the notice."

Short explanation

As detailed in Resolution 3 (*Approval of Financial Assistance*) of the Explanatory Memorandum.

Section C – How to vote and direct questions to the Chair

If you are entitled to vote at the AGM, you may vote by attending virtually, in person or by attorney, proxy or, in the case of corporate shareholders, corporate representative.

1. How to vote

The Company will convene a hybrid meeting under Rule 5.1(d) of the Company's constitution. You may vote in one of three ways:

- voting virtually during the AGM. The AGM can be accessed virtually by sending an email to agm@arowanaco.com, by 10.00am (AEDT) on 16 November 2022, with your Holder's Name, Address and SRN and the Company will allocate you a link for the meeting;
- voting by proxy (see below on how to vote by proxy); or
- voting in person.

Please note that if you intend to attend the meeting and/or vote at the meeting virtually, you will need your shareholder number (which can be found on your proxy form) for verification purposes.

2. Your vote is important

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

3. Corporations

To vote at the AGM, a Shareholder that is a corporation must appoint an individual to act as its representative. The appointment must comply with section 250D of the Act. The representative should bring to the AGM evidence of his or her appointment, including any authority under which it is signed. If attending virtually, the representative must send this evidence via email to agm@arowanaco.com by 10.00am (AEDT) on 16 November 2022.

Alternatively, a corporation may appoint a proxy.

4. Voting virtually

To vote at the meeting virtually, login into the meeting using the link provided via email (refer **Section C 1** of this Notice for details on how to obtain the link). Instructions on how to vote on each of the resolutions will be provided during the meeting.

5. Voting in person

To vote in person, attend the AGM on the date and at the place set out above.

6. Voting by proxy

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; and

- a Shareholder 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 Shareholder appoints 2 proxies and the appointment does not specify the proportion or number of the Shareholder'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 changes to the Corporations Act made in 2011 mean 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. Further details on these changes are set out below.

Proxies must be:

- a) lodged at the Company's share registry, Boardroom Pty Limited, or
- b) lodged online +at <https://www.votingonline.com.au/awnagm2022>, or
- c) faxed to the fax number specified below,

not later than **10.00am** (AEDT) on **Tuesday**, 15 November 2022.

Address (postal deliveries): GPO Box 3993, Sydney, NSW, Australia, 2001

Link for online lodgement: <https://www.votingonline.com.au/awnagm2022>

Fax number for lodgement: +61 2 9290 9655

The proxy form has been enclosed. Please read all instructions carefully before completing the proxy form.

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 (if applicable), but if the proxy does so, the proxy must vote that way (i.e. as directed);
- if the proxy has 2 or more appointments that specify different ways to vote on the Resolutions, the proxy must not vote on a show of hands (if applicable);
- if the proxy is the chair of the meeting at which the Resolutions 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;
- the appointed proxy is not the chair of the meeting;
- at the meeting, a poll is duly demanded on the Resolutions; and
- either of the following applies:

- the proxy is not recorded as attending the meeting; or
- the proxy does not vote on the Resolutions,

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

7. Eligibility to vote

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the AGM are those that are registered Shareholders at 6:00pm (AEST) / 7:00pm (AEDT) on 15 November 2022. If you are not the registered holder of a relevant Share at that time you will not be entitled to vote in respect of that Share.

8. Voting procedure

Every resolution arising at this AGM will be decided on a poll. On a poll, every person entitled to vote who is present virtually or by proxy, representative or attorney will have one vote for each voting share held by that person.

9. Questions to the Chair at the meeting

Shareholders will be able to ask questions of the Chair via the virtual AGM. Shareholders are encouraged to email their questions to the Joint Company Secretary (agm@arowanaco.com) by 3:00pm (AEST) / 4:00pm (AEDT) on **18 November 2022** so that they may be adequately considered and addressed as part of the meeting.

10. Enquiries

For all enquiries, please contact the Joint Company Secretary, Tom McDonald on 02 8083 9823 (from within Australia) and +61 2 8083 9823 (from outside Australia).

Section D - Explanatory Memorandum

This Explanatory Memorandum forms part of the Notice of Annual General Meeting convening the Annual General Meeting of Shareholders of the Company to be held at 10.00am AEST / 11:00am AEDT on Thursday 17 November 2022 via a hybrid meeting platform.

This Explanatory Memorandum is to be read in conjunction with the Notice of Annual General Meeting.

Purpose

The purpose of this Explanatory Memorandum is to provide information which the Directors believe is material to Shareholders in deciding whether or not to pass the Resolutions to be put forward in the AGM.

The Directors recommend Shareholders read the Notice of Annual General Meeting and this Explanatory Memorandum in full before making any decisions relating to the Resolutions contained in the Notice of Annual General Meeting.

Defined terms

Terms used in this Explanatory Memorandum have the meaning given to them in the Glossary in **Section A** of this Notice of Meeting in which this Explanatory Memorandum is contained.

Further information

If you have any queries in respect to any of the matters set out in this Notice of Meeting, please contact the Joint Company Secretary, Tom McDonald on 02 8083 9823 (from within Australia) and +61 2 8083 9823 (from outside Australia).

Resolution 1 - Re-election of director - Mr Kevin Chin

In accordance with clause 6.7(c) of the Constitution, a director must not hold office (without re-election) past the third annual general meeting following the director's appointment or three years, whichever is longer.

Mr Kevin Chin, who was last re-elected on 28 November 2019, retires as a director of AWN in accordance with clause 6.7 of the Constitution and, being eligible, wishes to stand for re-election.

Mr Chin is the founder and Executive Chair and Chief Executive Officer of AWN, a B Corp certified group with operating businesses and investments globally. Arowana created and listed AWN Holdings Limited on the ASX in April 2013 (voluntarily delisted in November 2021).

He has over 25 years' experience as a "hands on" strategic and operational leader in CEO, CFO and COO roles for listed and unlisted companies where he has taken a significant shareholding position or been a founder / co-founder. Mr Chin specialises in both complex turnarounds and accelerated scaling-up growth situations. He is the author of the book "Hyperturnaround!" and has been recognised for his leadership with global awards including Chairman of the Year from the International Business Awards.

He has also had significant funds management experience encompassing private equity, listed equities, fund of funds and venture capital.

Mr Chin has founded or co-founded both operating companies such as AWN Holdings Limited, EdventureCo Group, VivoPower International PLC and Intueri Education Group as well as funds such as the Arowana Special Income Opportunities Fund, the Arowana Contrarian Value Fund, Arowana Australasian Special Situations Fund I, the Arowana Microcap Australasian Private Equity Fund I and the Asian Masters Fund.

Prior to founding Arowana, Mr Chin led the \$12m privatisation and management buyout of ASX listed software company, SoftLaw Corporation Limited (which was renamed to RuleBurst Limited) in November 2004 and became its hands-on CFO. Together with the rest of the management team, they executed a rapid turnaround in the business and subsequently scaled it up globally. RuleBurst was acquired by Oracle Corporation in November 2008 for \$150m.

His prior professional experience includes working for the LFG family office, J.P.Morgan, Price Waterhouse and Deloitte. Kevin holds a Bachelor of Commerce degree from the University of New South Wales where he was one of the inaugural University Co-Op Scholars with the School of Banking and Finance. Kevin is a Fellow of FINSIA (Financial Services Institute of Australasia) where he also lectured and wrote curriculum for the FINSIA Master's Degree courses, Advanced Industrial Equity Analysis and Applied Corporate Finance. He also qualified as a Chartered Accountant.

Mr Chin assumed the role of Executive Chair in February 2015.

The Directors (not including Mr Chin) unanimously recommend that Shareholders vote in favour of Resolution 1.

Resolution 2 - Amendments to the Company's Constitution

The Company's Constitution was adopted by the Company in 2012 and was amended in 2020 and 2022. The Constitution currently requires General Meetings to be held either in person or via a hybrid platform. The proposed amendments will allow the Company to hold General Meetings using virtual meeting technology only.

A copy of the proposed amended Constitution can be obtained from the Joint Company Secretary, Tom McDonald, by contacting him on 02 8083 9823 (from within Australia) and +61 2 8083 9823 (from outside Australia) or via email (agm@arowanaco.com). A copy of the proposed amended Constitution will also be available at the Meeting.

The Company's current Constitution contemplates general meetings being held at a physical location or as 'hybrid' meetings (where some attendees meet in-person and others can participate online using technology). However, wholly 'virtual' meetings are not contemplated. In April 2022, the Corporations Act was amended so that companies can hold wholly virtual general meetings where the holding of such virtual meetings is expressly provided for in their constitution.

The Company proposes to amend the Constitution to provide for the ability of the Company to hold general meetings using virtual technology only, as well as physical or hybrid meetings. While the Company's present intention is to continue to hold physical or hybrid general

meetings, the improved flexibility would allow general meetings to be held virtually if it was necessary to do so, for example as a result of a pandemic.

The key changes to the Constitution are as follows:

1. To include wording which will allow the Company to hold General Meetings exclusively via virtual meeting technology.
2. To include a definition of virtual meeting technology.

In accordance with section 136(2) of the Corporations Act, any amendments to the Company's Constitution require Shareholder approval via a special resolution, such that at least 75% of votes cast are in favour.

Resolution 2 will enable the Company to modify its existing Constitution to ensure it reflects the current provisions of the Corporations Act. The Directors believe that it is more efficient in the circumstances to amend the existing Constitution rather than repeal the entire existing Constitution.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 2.

Resolution 3 – Approval of Financial Assistance

1. General

On 27 August 2021, a wholly-owned subsidiary of the Company, EdventureCo Pty Ltd ACN 613 279 815 (the **Borrower**) entered into a facility agreement (the **Facility Agreement**) with, among others, Perpetual Corporate Trust Limited ABN 99 000 341 533 as custodian for The Trust Company (Australia) Limit ACN 000 000 993 as trustee of the Epsilon Direct Lending Fund ABN 40 418 065 710 as "Original Lender" (**EDL**). The Facility Agreement was amended and restated by a deed dated 1 August 2022 (the **First Amendment and Restatement Deed**) and further amended and restated by a deed dated 7 October 2022 (the **Second Amendment and Restatement Deed**). The Second Amendment and Restatement Deed, among other things, introduced HSBC Bank Australia Limited ABN 48 006 434 162 (**HSBC**) as an "Incoming Lender" to the Facility Agreement. Proceeds from EDL and HSBC (each a **Lender**, and collectively the **Lenders**) under the Facility Agreement (as amended by the First Amendment and Restatement Deed and Second Amendment and Restatement Deed respectively) were used in part to fund the consideration for the acquisition of all shares in Plain English Foundation Pty Ltd ACN 099 330 775 and Nexacu Holdings Pty Ltd ACN 636 418 945 (and thereby Nexacu Holdings Pty Ltd's wholly-owned subsidiaries, Nexacu IP Pty Ltd ACN 635 385 250 and Excel Consulting Solutions Pty Ltd ACN 600 429 212) (each a **Target** and collectively, the **Targets**) each incorporated in Australia (the **Acquisitions**).

Under section 260A(1) of the Corporations Act, a company may financially assist a person to acquire shares (or units of shares) in the company or a holding company of the company only if:

- (a) giving the assistance does not materially prejudice:

- (i) the interests of the company or its shareholders; or
- (ii) the company's ability to pay its creditors; or
- (b) the assistance is approved by shareholders under section 260B of the Corporations Act; or
- (c) the assistance is exempted under section 260C of the Corporations Act.

Financial assistance is interpreted broadly and may include giving security over a company's assets and giving a guarantee and indemnity in respect of another person's liability.

Under section 260A(2) of the Corporations Act, the financial assistance may be given before or after the acquisition of shares.

For a company to financially assist a person to acquire shares in itself or a company of which it is a subsidiary, section 260B(1) of the Corporations Act states that the financial assistance must be approved by its shareholders by:

- (a) a special resolution passed at a general meeting of the company, with no votes being cast in favour of the resolution by the person acquiring the shares (or units of shares) or by their associates; or
- (b) a resolution agreed to, at a general meeting, by all ordinary shareholders.

If the company will be a subsidiary of a domestic corporation that is not listed in Australia (**Ultimate Australian Holding Company**) immediately after the acquisition, then section 260B(3) requires that the financial assistance must also be approved by a special resolution passed at a general meeting of that Ultimate Australian Holding Company.

The purpose of this explanation to Resolution 3 is to describe in further detail the proposed Resolution 3 set out in the notice which must be passed by the Company's shareholders for the purposes of 260B(3) of the Corporations Act to enable the giving of the financial assistance by the Targets to the Borrower in connection with the Acquisitions.

2. Particulars of proposed financial assistance

(a) Overview

The Borrower entered into the Facility Agreement (as amended from time to time), under which, among other things, each Lender agreed to provide various loan facilities to the Borrower (the **Facilities**).

(b) Purpose

The Facilities have been or may be drawn for the purposes of, among other things, financing the Acquisitions and general corporate or working capital purposes of the Borrower.

(c) **Other terms**

As is the case with many similar funding arrangements of other companies, each Lender requires the Borrower's obligations under the Facility Agreement, and related finance documents, to be guaranteed and secured by certain wholly-owned subsidiaries of the Borrower, which now includes each Target after completion of the Acquisitions.

Specifically, the Facility Agreement provides that, the Targets must accede as an "Additional Guarantor" (within the meaning of the Facility Agreement) via an accession deed and enter into a general security deed that will, amongst other things, grant a security interest over each Targets' present and after-acquired property (the **Security**) in favour of the security trustee on behalf of each Lender (**Security Trustee**). Upon acceding to the Facility Agreement, each Target will also provide a guarantee in favour of each Lender, guaranteeing all of the obligations of each "Obligor" (within the meaning of the Facility Agreement) under the Facility Agreement (**Guarantee**).

Pursuant to the Facility Agreement, the Borrower has undertaken to procure the accession to the Facility Agreement (and provision of the Guarantee) and entry into the Security by each Target once the necessary approvals for the Financial Assistance (as defined below) have been obtained.

The granting of the Security and Guarantee in the manner described above, and the fulfillment of any other obligations of the Targets as an "Additional Guarantor" (within the meaning of the Facility Agreement) under the Facility Agreement, may constitute the provision of financial assistance for the purposes of the Corporations Act, because each Target will be granting security over its own assets and guaranteeing, the Borrower's and each other "Obligor's" obligations under the Facility Agreement, in connection with the financial accommodation provided by each Lender which was used to partially fund the Borrower's indirect acquisition of the shares in each Target (**Financial Assistance**).

Now that each Acquisition has completed the Company is the Ultimate Australian Holding Company of each Target, and therefore is required to obtain approval from its shareholders for the Financial Assistance under section 260B(3) of the Corporations Act in order for the Financial Assistance to be given.

2.2 **Reasons for the Financial Assistance**

The Financial Assistance is proposed because:

- (a) the Borrower is required to, in accordance with the Facility Agreement, procure that each Target accedes as an "Additional Guarantor" (within the meaning of the Facility Agreement) under the Facility Agreement and provide the Security and Guarantee. By acceding to the Facility Agreement and providing the Security and Guarantee, the Targets may be assisting the Borrower to comply with its obligations under the Facility

Agreement and this in turn has assisted the Borrower with acquiring shares in each Target; and

- (b) if a Target does not give the Financial Assistance, the Borrower will be in breach of the Facility Agreement (as an “Event of Default”, within the meaning of the Facility Agreement), which would, among other rights, give each Lender the right to call for all of the facilities loaned to the Borrower under the Facility Agreement (plus accrued interest) to be immediately due and payable. In this event, the Borrower’s existing cash reserves would be significantly adversely impacted, and it may be necessary for the Borrower to refinance or renegotiate the facilities under the Facility Agreement, which would likely result in more restrictive and expensive terms, which may affect the Borrower’s operations.

2.3 Effect of the proposed Financial Assistance

As the Borrower is already liable for the amounts payable under the Facility Agreement, the giving of financial assistance described in this Explanatory Memorandum by each Target is unlikely to have any adverse effect on the Borrower, except that the operations of the Targets will be restricted by the representations and undertakings given by it under the Facility Agreement in the same manner as the Borrower and its other wholly owned subsidiaries are currently restricted.

The effect of the Financial Assistance will be that:

- (a) each Target will become a guarantor of the Borrower's obligations under the Facility Agreement and will have guaranteed all amounts payable under the Facility Agreement and may be required to perform the obligations of the Borrower in the event of certain defaults by the Borrower or another “Obligor”;
- (b) each Target will provide the Security and each Lender may be entitled to instruct the Security Trustee to enforce the Security in the event that the Borrower or another “Obligor” fails to perform its obligations under the Facility Agreement; and
- (c) each Target will be required to perform and comply with its obligations under the Facility Agreement and related finance documents to the extent that those documents impose obligations on the Target.

The directors of each Target and the Directors of the Company:

- (d) do not currently believe that the giving of the Financial Assistance will have the effect of materially prejudicing the interests of creditors or the shareholder of any Target (which indirectly is, in this case, the Company); and
- (e) do not currently believe that either the Borrower or any Target are likely to default in their obligations under the Facility Agreement.

2.4 Advantages of the proposed Financial Assistance

If the Targets provide the Financial Assistance by granting the Security and providing the Guarantee, this will allow the Targets to accede to the Facility Agreement, and allow the Borrower to satisfy its obligations to each Lender and avoid a potential event of default under the Facility Agreement and will enable the Borrower to continue to pursue the growth objectives of the Company and its subsidiaries (including the Targets).

The Directors of the Company believe that approving the transactions contemplated by this Explanatory Memorandum is in the interests of the Company.

2.5 Disadvantages of the proposed Financial Assistance to the Company

As the Borrower is already liable for the amounts due under the Facility Agreement, the Directors of the Company do not believe there are any disadvantages to the Company for the Financial Assistance to be provided.

2.6 Disadvantages of the proposed Financial Assistance to a Target

If the Financial Assistance is given, then the Targets may be liable to repay all moneys due and payable under the Facility Agreement.

This may have an adverse effect on the financial position of a Target if it becomes liable for the debts and obligations of the Borrower and other "Obligors" under the Facility Agreement. If the Borrower were to default under the Facility Agreement, each Lender may make a demand requiring the Targets to repay amounts due under the Facility Agreement or instruct the Security Trustee to enforce the Security Trustee, which will have an adverse impact on the business of the Targets and may result in a winding up of the Targets.

The operations of the Targets, including their ability to borrow money in the future from other financiers may also be restricted by the Security and the Facility Agreement.

The Directors have no reason to believe that there are any prevailing circumstances making a claim under the Security or the Guarantee probable or likely. In any event, the Directors believe that any potential disadvantages for the Targets of the Financial Assistance are outweighed by the advantages to the Company (and, by extension, the Targets) in accessing and complying the terms of the Facility Agreement.

2.7 Other information

- (a) The Directors consider that the consequences of not providing the Financial Assistance will have far greater adverse impact on Shareholders than any potential consequences of providing the Financial Assistance.
- (b) The Directors consider that the explanation of Resolution 3 of this Explanatory Memorandum contains all material information known to the Company that could reasonably be required by the Shareholders in deciding how to vote on the proposed resolution other than information which it would be unreasonable to require the

Company to include because it has been previously disclosed to the Shareholders of the Company.

- (c) Resolution 3 requires a special resolution, which means that, to be passed, the item needs the approval of at least 75% of the votes cast by Shareholders entitled to vote on the Resolution.
- (d) As required by section 260B(5) of the Corporations Act, copies of the Notice and this Explanatory Memorandum as sent to Shareholders were lodged with ASIC prior to their dispatch to Shareholders.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 3.