

**DEPARTMENT 13 INTERNATIONAL LIMITED
ACN 155 396 893**

NOTICE OF SPECIAL MEETING

**Special meeting to be held at RSM Bird Cameron Partners,
Level 13, 60 Castlereagh Street, Sydney NSW 2000 on
Thursday 13 July 2017, commencing at 11:30am (AEST).**

The Notice of Special Meeting should be read in its entirety. If Performance Share Holders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on +61 8 9489 4980.

Performance Share Holders are urged to attend or vote by lodging the proxy form attached to the Notice.

DEPARTMENT 13 INTERNATIONAL LIMITED

ACN 155 396 893

NOTICE OF SPECIAL MEETING

Notice is hereby given that a Special Meeting of Performance Share Holders of Department 13 International Limited ACN 155 396 893 (**Company**) will be held at RSM Bird Cameron Partners, Level 13, 60 Castlereagh Street, Sydney NSW 2000 on Thursday, 13 July 2017, commencing at 11:30am (AEST) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of the Notice.

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 as Performance Share Holders of the Company on Tuesday, 11 July 2017 at 11.30am (AEST).

Terms and abbreviations used in the Notice are defined in Schedule 1.

AGENDA

1. Resolution 1 - Selective reduction of capital

To consider and, if thought fit, to pass with or without amendment, the following Resolution as a **special resolution**:

"That, pursuant to and in accordance with section 256C of the Corporations Act, and for all other purposes, approval is given for the Company to selectively reduce its capital by cancelling 284,000,000 Class A Performance Shares for nil consideration and on the terms and conditions set out in the Explanatory Memorandum."

BY ORDER OF THE DIRECTORS

Jonathan Hunter
Chairman and CEO

Dated: 12 June 2017

DEPARTMENT 13 INTERNATIONAL LIMITED

ACN 155 396 893

EXPLANATORY MEMORANDUM

1. Introduction

The Explanatory Memorandum has been prepared for the information of Performance Share Holders in connection with the business to be conducted at the Meeting to be held at RSM Bird Cameron Partners, Level 13, 60 Castlereagh Street, Sydney NSW 2000 on Thursday, 13 July 2017, commencing at 11:30am (AEST).

The Explanatory Memorandum forms part of the Notice which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolution will be voted.

The Explanatory Memorandum includes the following information to assist Performance Share Holders in deciding how to vote on the Resolution:

Section 2	Action to be taken by Performance Share Holders
Section 3	Resolution 1 - Selective Reduction of Capital
Schedule 1	Definitions
Schedule 2	Performance Share Holders
Schedule 3	Terms and conditions of Class A Performance Shares

A Proxy Form is located at the end of the Explanatory Memorandum.

2. Action to be taken by Performance Share Holders

Performance Share Holders should read the Notice including the Explanatory Memorandum carefully before deciding how to vote on the Resolution.

2.1 Voting in person

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

2.2 Proxies

(a) Voting by proxy

A Proxy Form is attached to the Notice. This is to be used by Performance Share Holders if they wish to appoint a representative (a 'proxy') to vote in their place. All Performance Share Holders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Performance Share Holder from attending and voting at the Meeting in person.

Please note that:

- (i) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (ii) a proxy need not be a member of the Company; and
- (iii) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

(b) 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:

- (i) 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);
- (ii) 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;
- (iii) 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
- (iv) 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).

(c) Transfer of non-Chair proxy to Chair in certain circumstances

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

- (i) 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;
- (ii) the appointed proxy is not the Chair of the meeting;
- (iii) at the meeting, a poll is duly demanded on the resolution; and
- (iv) either the proxy is not recorded as attending the meeting or 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.

3. Resolution 1 - Selective Reduction of Capital

3.1 Background

The Company was reinstated to quotation having re-complied with Chapters 1 and 2 of the Listing Rules to facilitate the backdoor listing of D13 on 13 January 2016 (**Quotation Date**).

The Company is a technology and software company that is developing software and communications systems that have the potential to transform the networking and communications fields as well as current applications in drone defence, mobile phone IT security and secure enhanced Android phone systems.

As part consideration for the acquisition of D13 by the Company, 284,000,000 Class A Performance Shares (being Shares issued on the terms and conditions set out in Schedule 3) (**Class A Performance Shares**) were issued by the Company.

In accordance with Appendix 9B of the Listing Rules, the Class A Performance Shares are classified as restricted securities and are to be held in escrow for 24 months from the Quotation Date. The escrow period on the Class A Performance Shares is due to expire on 13 January 2018.

There are 14 Class A Performance Shareholders currently holding the total of 284,000,000 Class A Performance Shares (representing approximately 32% of issued capital on a fully diluted basis) (**Performance Share Holders**).

The Company has now determined, in consultation with the Performance Share Holders, that its capital structure would be more attractive to future investment and suit a potential future US securities exchange listing if the Class A Performance Shares were cancelled (**Proposed Selective Reduction of Capital**).

The Class A Performance Shares remain subject to milestone vesting conditions as set out in the schedule and are subject to escrow until 13 January 2018.

The Company understands that the Performance Share Holders have taken the view that it is in the Company's interests to materially support the Company's strategy by agreeing to participate in the Proposed Selective Reduction of Capital. The Company has received irrevocable undertakings from holders representing greater than 75% of the Class A Performance Shares agreeing to the Proposed Selective Reduction of Capital.

Importantly:

- (a) none of the Performance Share Holders paid cash for their Class A Performance Shares; and
- (b) all the Class A Performance Shares issued to the Performance Share Holders are the subject of restriction agreements entered into pursuant to Listing Rule 9.1 (**Restriction Agreements**).

The identities of the Performance Share Holders and their shareholdings in the Company are set out in Schedule 2.

3.2 Corporations Act

Pursuant to Section 256C of the Corporations Act, a company may make a selective capital reduction if it is approved by a special resolution passed at a general meeting

of the Company, with no votes being cast in favour of the resolution by any person who is to receive consideration as part of the reduction or whose liability to pay amounts unpaid on shares is to be reduced. Where the reduction involves the cancellation of shares, the reduction must also be approved by a special resolution passed at a meeting of the shareholders whose shares are to be cancelled.

The Corporations Act provides that the rules relating to a reduction of share capital are designed to protect the interests of shareholders and creditors by:

- (a) addressing the risk of the transaction leading to the Company's insolvency;
- (b) seeking to ensure fairness between the shareholders of the Company; and
- (c) requiring the Company to disclose all material information.

In particular, Section 256B of the Corporations Act requires that a company may only reduce its capital if:

- (a) it is fair and reasonable to the shareholders as a whole;
- (b) it does not materially prejudice the company's ability to pay its creditors; and
- (c) it is approved by shareholders in accordance with section 256C of the Corporations Act.

Section 256C(4) of the Corporations Act requires that the Company must include with the Notice a statement setting out all information known to the Company that is material to the decision on how to vote on the resolution. However, the Company does not have to disclose information if it would be unreasonable to require the Company to do so because the Company had previously disclosed the information to shareholders.

3.3 Reasons for the resolution

The proposed cancellation of the Class A Performance Shares is a selective reduction of capital for the purposes of the Corporations Act. No consideration is being paid by the Company to the Performance Share Holders for the Proposed Selective Reduction of Capital.

Section 256C of the Corporations Act has the effect that Shareholders must approve the Proposed Selective Reduction of Capital by passing special resolutions at:

- (a) a general meeting of Shareholders (**General Meeting**); and
- (b) a meeting of the Performance Share Holders (**Special Meeting**).

Resolution 1 will be passed by Performance Share Holders as a special resolution if 75% of the votes cast by Performance Share Holders present and eligible to vote (whether in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative) are in favour of it.

If Performance Share Holders approve Resolution 1, and subject to the Shareholders also passing a special resolution at the General Meeting, the Company will reduce its issued capital by 284,000,000 Class A Performance Shares or 32% of the issued capital of the Company on a fully diluted basis.

3.4 Reasons for the Proposed Selective Reduction of Capital

The Directors consider that the Proposed Selective Reduction of Capital will make the Company more attractive to future institutional investment and suit a potential future listing on a US securities exchange.

3.5 Financial effect of the Proposed Selective Reduction of Capital on the Company

The Proposed Selective Reduction of Capital will have no material effect on the Company's financial position as no consideration is being provided by the Performance Share Holders. The only costs to be incurred by the Company are those incurred in seeking these approvals.

3.6 Capital structure before and after Proposed Selective Reduction of Capital

The Company's existing capital structure is set out below:

Class	Securities
Fully paid ordinary shares	235,177,235
Ordinary shares subject to 24 month escrow	276,710,000
Class A Performance Shares	284,000,000
Performance Rights	51,250,000
Options exercisable at \$0.025 expiring on 18 December 2020	40,000,000

The Company's capital structure upon completion of the Proposed Selective Reduction of Capital and assuming the approval of the proposed issue to Director Mr Timothy Davies at the General Meeting is set out below:

Class	Securities
Fully paid ordinary shares	235,777,235
Ordinary shares subject to 24 month escrow	276,710,000
Performance Rights	51,250,000
Options exercisable at \$0.025 expiring on 18 December 2020	40,000,000

3.7 Impact on control

The Class A Performance Shares represent approximately 32% of the issued capital of the Company on a fully diluted basis. Other things being equal, the Proposed Selective Reduction of Capital would have the effect of decreasing the issued capital of the

Company by approximately 32% on a fully diluted basis. There will be no increase to Shareholders' voting power in the Company as the Class A Performance Shares do not presently have voting rights.

3.8 Advantages of the Proposed Selective Reduction of Capital

From the Company's perspective, the benefit that will accrue if the Proposed Selective Reduction of Capital is approved is that it will have the effect of reducing the issued capital of the Company by 32% on a fully diluted basis. Accordingly, the value of each of the Company's securities may increase. Shareholders may, therefore, benefit from an anticipated increase in the value of their shareholdings.

The Proposed Selective Reduction of Capital provides no advantages to the Performance Share Holders other than in their capacity as continuing Shareholders of the Company and it is not possible to determine whether those advantages will ultimately outweigh the costs to the Performance Share Holders associated with cancellation of the Class A Performance Shares.

3.9 Disadvantages of the Proposed Selective Reduction of Capital

For those Shareholders not participating in the Proposed Selective Reduction of Capital, there are no disadvantages to the proposal.

For the Performance Share Holders, the disadvantage of the Proposed Selective Reduction of Capital is that they will have a proportion of their holdings in the Company cancelled for nil consideration.

3.10 What if the Proposed Selective Reduction of Capital does not proceed?

If the Proposed Selective Reduction of Capital does not proceed, the issued capital of the Company and the holdings of Performance Share Holders will not change.

3.11 ASX waiver of Listing Rule 9.7

Listing Rule 9.7 provides that, during the escrow period, an entity must not do either of the following:

- (a) change an executed restriction agreement; or
- (b) ask for, or agree to:
 - (i) removal of the holding lock under Listing Rule 9.5 or Listing Rule 9.17; or
 - (ii) release of a certificate held on the certificated subregister by a bank or recognised trustee,

unless ASX has given written consent to the release of the certificate or removal of the holding lock under Listing Rule 9.5 or Listing Rule 9.17.

The underlying policy to Listing Rule 9.7 is to prevent the transfer of, or creation of other interests in, restricted securities during the period in which ASX has determined that those securities should be held in escrow.

ASX has granted the Company a waiver from Listing Rule 9.7 (**Waiver**) to the extent necessary to permit the Company to amend the Restriction Agreements between the Company and the Performance Share Holders such that the Company be permitted to cancel up to 284,000,000 Class A Performance Shares held by the Performance Share

Holders which were issued as part consideration for the Acquisition, on the following conditions:

- (a) the Class A Performance Shares are cancelled for nil consideration;
- (b) the Company announces the terms of the Waiver to the market;
- (c) Shareholders, including the Performance Share Holders, approve a cancellation by way of a selective reduction of capital in accordance with the Corporations Act; and
- (d) the Company conducts the cancellation by way of a selective reduction of capital in relation to the Class A Performance Shares in accordance with the Corporations Act.

3.12 Directors' recommendation

The Directors unanimously support the Proposed Selective Reduction of Capital and recommend that Performance Share Holders vote in favour of Resolution 1.

Schedule 1 - Definitions

In this Notice, unless the context otherwise requires, the following terms bear the following meanings:

AEST means Australian Eastern Standard Time, being the time in Sydney, New South Wales.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

Chairman means the chairman of the Meeting.

Class A Performance Shares has the meaning given in Section 3.1 of the Notice.

Company means Department 13 International Limited ACN 155 396 893.

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

D13 means D13 LLC, a limited liability company incorporated in Virginia, United States of America.

Director means a director of the Company.

Explanatory Memorandum means this explanatory memorandum which accompanies and forms part of the Notice.

General Meeting or **Meeting** means the meeting of Shareholders to be held at around the same time as the Meeting in accordance with Section 256C(2) of the Corporations Act.

Listing Rules means the listing rules of ASX.

Meeting has the meaning given in the introductory paragraph of this Notice.

Notice of Meeting or **Notice** means this Notice of Special Meeting.

Option means an option to acquire a Share.

Performance Share Holders has the meaning given in Section 3.1 of this Notice.

Proposed Selective Reduction of Capital has the meaning given in Section 3.1 of the Notice.

Proxy Form means the proxy form accompanying the Notice.

Quotation means official quotation of Shares by ASX.

Resolution means a resolution set out in the Notice.

Restriction Agreements has the meaning given in Section 3.1 of the Notice.

Section means a section of the Notice.

Share means a fully paid ordinary share in the Company.

Shareholder means the holder of a Share.

Special Meeting means the meeting of Performance Share Holders convened by the Notice or any meeting adjourned thereof.

Waiver has the meaning given in Section 3.11 of the Notice.

Schedule 2 - Performance Share Holders

Performance Share Holder	Shares	Class A Performance Shares	Balance of Performance Shares post selective reduction
Mrs Georgia Susan Clark	14,625,000	26,500,000	Nil
Mrs Georgia Susan Clark	14,625,000	13,500,000	Nil
Roger Charles Davies	33,200,000	30,000,000	Nil
Bryan Halfpap	21,360,000	20,000,000	Nil
Jonathan Andrew Hunter*	41,600,000	40,000,000	Nil
Paul McCarthy	30,800,000	30,000,000	Nil
PRW Investments Pty Ltd	3,166,667	1,333,334	Nil
Quintero Pty Ltd	2,166,667	1,333,333	Nil
Bayard William John Rezos	10,000,000	13,500,000	Nil
Gavin John Rezos*	10,675,000	13,500,000	Nil
Joanne Ellen Rezos*	13,000,000	13,000,000	Nil
Robi Sen	40,000,000	40,000,000	Nil
Steven J Shattil	20,800,000	20,000,000	Nil
Ben Smith	20,360,000	20,000,000	Nil
Western Oval Pty Ltd	2,166,666	1,333,333	Nil
Totals	278,545,000	284,000,000	Nil

*Denotes related party of the Company

Schedule 3 - Terms and Conditions of Performance Shares

1. Terms and conditions of Class A Performance Shares

For the purpose of these terms and conditions:

ASX means ASX Limited ACN 008 624 691 or, as the context permits, the securities exchange operated by that entity.

Change of Control Event means:

- (a) the occurrence of:
 - (i) the offeror under a takeover offer in respect of all Shares announcing that it has achieved acceptances in respect of 50.1% or more of the Shares; and
 - (ii) that takeover bid has become unconditional; or
- (b) the announcement by the Company that:
 - (i) shareholders of the Company have at a Court convened meeting of shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Shares are to be either:
 - (A) cancelled; or
 - (B) transferred to a third party; and
 - (ii) the Court, by order, approves the proposed scheme of arrangement.

Commercial Sales means sales by way of licensing, product or service which are cash generative.

Company means Department 13 International Limited ACN 155 396 893.

D13 means Department 13 LLC, a limited liability company incorporated in Virginia, United States of America.

Drone Defense Products means systems, devices, radio software or protocol manipulation products or services involved in providing a defence to threats posed by unmanned aerial or marine vehicles.

Holder means a holder of a Performance Share.

Listing Rules means the Listing Rules of the ASX.

Share means a fully paid ordinary share in the Company.

Technologies means the technologies set out in section 2.1 of the Patent Report in Section 11 and any improvements, variations or successor inventions thereto.

2. Conversion and expiry of Performance Shares

- (a) **(Conversion on achievement of Milestone)** Upon one of the following milestones being achieved:

- (i) D13 receives more than \$1m in aggregate revenues from Commercial Sales of Drone Defense products;
- (ii) D13 receives more than \$1m in aggregate revenues from sales or licensing agreements for any of the Technologies with a National or State Government Agency or significant multinational corporation;
- (iii) D13 receives more than \$1m in aggregate revenues from sales or license agreements for any of the Technologies with a supplier to a National or State government agency;
- (iv) D13 receives more than \$1m in aggregate revenues from joint venture or distribution agreements with a large network or mobile company or a supplier to law enforcement, defense or military;
- (v) the cumulative value of grants provided to D13 equals or exceeds US\$3m; or
- (vi) the Company (or a spin off entity of the Company) lists on the NASDAQ, or NYSE Markets stock exchanges, and the 20 trading day VWAP of the Company's Shares as traded on ASX equalling or exceeding \$0.05;

(the Milestone), each Performance Share will convert into a Share on a one for one basis.

- (b) **(Expiry Date)** The Milestone must be achieved on or before 5.00pm (WST) on the date which is three years from the date of issue of the Performance Shares (Expiry Date).
- (c) **(No conversion)** To the extent that Performance Shares have not converted into Shares on or before the Expiry Date, then all such unconverted Performance Shares held by each Holder will automatically consolidate into one Performance Share and will then convert into one Share.
- (d) **(Conversion procedure)** The Company will issue a Holder with a new holding statement for the Share or Shares as soon as practicable following the conversion of each Performance Share.
- (e) **(Ranking of shares)** Each Share into which the Performance Share will convert will upon issue:
 - (i) rank equally in all respects (including, without limitation, rights relating to dividends) with other issued Shares;
 - (ii) be issued credited as fully paid;
 - (iii) be duly authorised and issued by all necessary corporate action; and
 - (iv) be issued free from all liens, charges and encumbrances whether known about or not including statutory and other pre-emptive rights and any transfer restrictions.

3. Conversion on change of control

- (a) If there is a Change of Control Event in relation to the Company prior to the conversion of the Performance Shares, then:

- (i) the Milestone will be deemed to have been achieved; and
- (ii) each Performance Share will automatically and immediately convert into Shares,

however, if the number of Shares to be issued as a result of the conversion of all Performance Shares due to a Change in Control Event in relation to the Company is in excess of 10% of the total fully diluted share capital of the Company at the time of the conversion, then the number of Performance Shares to be converted will be prorated so that the aggregate number of Shares issued upon conversion of all Performance Shares is equal to 10% of the entire fully diluted share capital of the Company.

4. Rights attaching to Performance Shares

- (a) **(Share capital)** Each Performance Share is a share in the capital of the Company.
- (b) **(General meetings)** Each Performance Share confers on a Holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. A Holder has the right to attend general meetings of shareholders of the Company.
- (c) **(No Voting rights)** A Performance Share does not entitle a Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company.
- (d) **(No dividend rights)** A Performance Share does not entitle a Holder to any dividends.
- (e) **(Rights on winding up)** Each Performance Share entitles a Holder to participate in the surplus profits or assets of the Company upon winding up of the Company, but only to the extent of \$0.0001 per Performance Share.
- (f) **(Not transferable)** A Performance Share is not transferable.
- (g) **(Reorganisation of capital)** If there is a reorganisation (including, without limitation, consolidation, sub-division, reduction or return) of the issued capital of the Company, the rights of a Holder will be varied (as appropriate) in accordance with the Listing Rules which apply to reorganisation of capital at the time of the reorganisation.
- (h) **(Quotation of shares on conversion)** An application will be made by the Company to ASX for official quotation of the Shares issued upon the conversion of each Performance Share within the time period required by the Listing Rules.
- (i) **(Participation in entitlements and bonus issues)** A Performance Share does not entitle a Holder to participate in new issues of capital offered to holders of Shares, such as bonus issues and entitlement issues.
- (j) **(No other rights)** A Performance Share does not give a Holder any other rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

ASX has confirmed that the terms are appropriate and equitable for the purposes of Listing Rule 6.1.

PROXY FORM

**APPOINTMENT OF PROXY
DEPARTMENT 13 INTERNATIONAL LIMITED
ACN 155 396 893**

SPECIAL MEETING OF PERFORMANCE SHARE HOLDERS

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 Level 13 60 Castlereagh Street Sydney NSW 2000 on 13 July 2017, and at any adjournment thereof.

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.

Voting on business of the Meeting

FOR

AGAINST

ABSTAIN

Resolution 1 - Selective reduction of capital

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 the Chair is, or may by default be, appointed your proxy and you do not mark this box and you have not directed the Chair how to vote, the Chair will not cast your votes on and your votes will not be counted in calculating the required majority if a poll is called on.

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):** _____

Instructions for Completing Proxy Form

1. **(Appointing a proxy):** A Performance Share holder (**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 email to the Company Secretary at kkye@department13.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.