



ABN 98 084 370 669

October 22, 2015

ASX Market Announcements  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

## **NOTICE OF ANNUAL GENERAL MEETING AND ANNUAL REPORT**

Please find attached the company's Notice of Annual General Meeting to be held on Monday, 23 November 2015 at 3.00pm.

The company advises that the Annual Report comprises only the documents previously lodged with ASX.

Neville Bassett  
Company Secretary

**Head Office**  
Yowie Group Ltd.  
Level 45, 108 St Georges Terrace,  
Perth WA 6000

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ABN 98 084 370 669



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**YOWIE GROUP LTD**

**ABN 98 084 370 669**

**NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 3:00 pm (WST)

**DATE:** 23 November 2015

**PLACE:** BDO Chartered Accountants  
38 Station Street  
Subiaco Western Australia

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

*Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9486 7066.*

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## IMPORTANT INFORMATION

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### TIME AND PLACE OF MEETING

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Notice is given that the annual general meeting of the Shareholders to which this Notice of Meeting relates will be held at 3.00pm (WST) on 23 November 2015, at:

BDO Chartered Accountants  
38 Station Street  
Subiaco Western Australia

### YOUR VOTE IS IMPORTANT

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

### VOTING ELIGIBILITY

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The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 3.00pm (WST) on 21 November 2015.

### VOTING IN PERSON

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

### VOTING BY PROXY

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

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

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Sections 250BB and 250BC of the Corporations Act provide 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.

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

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

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

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

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

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

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

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## BUSINESS OF THE MEETING

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### AGENDA

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#### ORDINARY BUSINESS

##### Financial Statements and Reports

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2015 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

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

To consider and, if thought fit, to pass the following resolution as a **non-binding resolution**:

*"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2015."*

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

**Voting Prohibition Statement:**

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

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

However, the Company will not disregard a vote if it is cast:

- (a) by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides (even if the resolution is connected directly or indirectly with the remuneration of Key Management Personnel).

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#### 2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – WAYNE LOXTON

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

*"That, for the purpose of clause 13.2 of the Constitution and for all other purposes, Mr Wayne Loxton, a Director, retires by rotation, and being eligible, is re-elected as a Director."*

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3. **RESOLUTION 3 – RE-ELECTION OF DIRECTOR – TREVOR ALLEN**

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

*"That for the purposes of clause 13.4 of the Constitution and for all other purposes, Mr Trevor Allen, a Director, having been appointed on 25 March 2015 and holding office until this annual general meeting, and being eligible, is re-elected as a Director."*

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4. **RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF SHARES**

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

*"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 227,794 Shares on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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5. **RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF OPTIONS**

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

*"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 780,000 Options on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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6. **RESOLUTION 6 – APPROVAL OF 10% PLACEMENT CAPACITY**

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

*"That, for the purpose of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the Shares on issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**7. RESOLUTION 7 – YOW EMPLOYEE INCENTIVE PLAN (EIP)**

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

*“That approval be given for the establishment of the EIP, as described in the Explanatory Statement, and issues under the EIP for all purposes, including ASX Listing Rule 7.2 exception 9.”*

**ASX Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any Director eligible to participate in the EIP, including their respective associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

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

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

However, the above prohibition does not apply if:

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

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**8. RESOLUTION 8 – ISSUE OF OPTIONS TO DIRECTOR**

“That:

- (i) for the purposes of ASX listing rule 10.14, approval be given to the grant of 1,075,000 Options to the Non-executive Director, Mr Trevor Allen, under the EIP, in accordance with the terms of the EIP as described in the Explanatory Statement; and
- (ii) for the purposes of section 200E of the Corporations Act, approval be given in specified circumstances for the pro rata vesting of the Options granted to Mr Trevor Allen in the event of cessation of his employment as described in the Explanatory Statement.”

**ASX Voting Exclusion:** Refer voting exclusions under Resolution 9.

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**9. RESOLUTION 9 – ISSUE OF EQUITY AWARDS TO DIRECTORS**

To consider and, if thought fit, to pass each of the following resolutions as a separate **ordinary resolution**:

**9.1 Executive Chairman – Mr Wayne Loxton**

“That:

- (i) for the purposes of ASX listing rule 10.14, approval be given to the grant of 427,332 Performance Rights to the Executive Chairman, Mr Wayne Loxton, under the EIP, in accordance with the terms of the EIP as described in the Explanatory Statement; and
- (ii) for the purposes of section 200E of the Corporations Act, approval be given in specified circumstances for the pro rata vesting of the Performance Rights granted to Mr Loxton in the event of cessation of his employment as described in the Explanatory Statement.”

**9.2 Executive Director – Ms Patricia Fields**

“That:

- (i) for the purposes of ASX listing rule 10.14, approval be given to the grant of 213,666 Performance Rights to the Executive Director, Ms Patricia Fields, under the EIP, in accordance with the terms of the EIP as described in the Explanatory Statement; and
- (ii) for the purposes of section 200E of the Corporations Act, approval be given in specified circumstances for the pro rata vesting of the Performance Rights granted to Ms Fields in the event of cessation of her employment as described in the Explanatory Statement.”

**9.3 Executive Chairman – Mr Wayne Loxton**

“That for the purposes of ASX listing rule 10.14, approval be given to the grant of 1,709,328 Performance Rights to the Executive Chairman, Mr Wayne Loxton, under the EIP, in accordance with the terms of the EIP as described in the Explanatory Statement.”

**9.4 Executive Director – Ms Patricia Fields**

“That for the purposes of ASX listing rule 10.14, approval be given to the grant of 1,281,996 Performance Rights to the Executive Director, Ms Patricia Fields, under the EIP, in accordance with the terms of the EIP as described in the Explanatory Statement.”

**ASX Voting Exclusion:** The Company will disregard any votes cast on Resolutions 8 and 9 by:

- (i) Mr Loxton, Ms Fields and Mr Allen being the current directors of the Company, and eligible to participate in the EIP; and
- (ii) an associate of those persons.

However, the Company need not disregard a vote if:

- (i) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (ii) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**DATED: 12 OCTOBER 2015**

**BY ORDER OF THE BOARD**

A handwritten signature in black ink, appearing to be 'NB', followed by a horizontal line extending to the right and ending in a small loop.

**NEVILLE BASSETT  
COMPANY SECRETARY**

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## EXPLANATORY STATEMENT

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

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### 1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the requirements of the Company's Constitution and the Corporations Act, the 2015 Annual Report will be tabled at the annual general meeting. Shareholders will have the opportunity of discussing the Annual Report and making comments and raising queries in relation to the Report.

There is no requirement for a formal resolution on this item.

Representatives from the Company's auditors, BDO Audit (WA) Pty Ltd, will be present to take shareholders' questions and comments about the conduct of the audit and the preparation and content of the audit report.

#### Annual Report Online

Shareholders who have not elected to receive a hard copy of the Annual Report can access the report on the company's website at [www.yowiegroup.com](http://www.yowiegroup.com).

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

#### 2.1 General

Pursuant to section 250R(2) of the Corporations Act, the Company is required to put the Remuneration Report to the vote of Shareholders. The Directors' Report for the year ended 30 June 2015 contains the Remuneration Report which sets out the remuneration policy for the Company and reports on the remuneration arrangements in place for the Directors and Key Management Personnel.

Resolution 1 is advisory only and does not bind the Directors of the Company. Of itself, a failure of Shareholders to pass Resolution 1 will not require the Directors to alter any of the arrangements in the Remuneration Report.

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

#### 2.2 Voting consequences

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

If more than 50% of shareholders vote in favour of the Spill Resolution, the company must convene the extraordinary general meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

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

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**3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – WAYNE LOXTON**

Clause 13.2 of the Constitution requires that at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded down to the nearest whole number), shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

A Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election.

The Company currently has 3 Directors and accordingly 1 must retire.

Wayne Loxton, the Director longest in office since his last election, retires by rotation and seeks re-election.

A summary of the qualifications and experience of Mr Loxton is provided in the Annual Report.

All the Directors, except for Mr Loxton, recommend that Shareholders vote in favour of Resolution 2.

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**4. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – TREVOR ALLEN**

Clause 13.4 of the Constitution requires that any person appointed to fill a casual vacancy or as an addition to the existing Directors only holds office until the next annual general meeting and is then eligible for re-election.

Mr Allen was appointed a director on 25 March 2015.

A summary of the qualifications and experience of Mr Allen is provided in the Annual Report.

All the Directors, except for Mr Allen, recommend that Shareholders vote in favour of Resolution 3.

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**5. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF SHARES****5.1 Background**

Resolution 4 seeks Shareholder ratification of the issue of 227,794 Shares on 10 August 2015, as consideration for corporate consulting services.

**5.2 Listing Rule 7.4**

Listing Rule 7.1 provides that (subject to certain exceptions, none of which are relevant here) prior approval of shareholders is required for an issue of securities by a company if the securities will, when aggregated with the securities issued by the company during the previous 12 months, exceed 15% of the number of the Shares on issue at the commencement of that 12 month period. The issue of 227,794 Shares did not exceed the 15% limit.

Listing Rule 7.4 provides that where a company ratifies a prior issue of securities, the issue will be treated as having been made with approval for the purpose of Listing

Rule 7.1, thereby replenishing the company's 15% capacity and enabling it to issue further securities up to that limit.

If Resolution 4 is approved, the Shares will not be included in the Company's 15% calculation for the purposes of Listing Rule 7.1.

### 5.3 Listing Rule 7.5

The information required to be provided to shareholders to satisfy Listing Rule 7.4 is specified in Listing Rule 7.5. In compliance with the information requirements of Listing Rule 7.5, Shareholders are advised of the following particulars in relation to the issue pursuant to Resolution 4:

(i) **Number of securities issued**

227,794 Shares.

(ii) **Price at which securities were issued**

Deemed price of \$1.20 per Share.

(iii) **The terms of the securities**

The Shares are ordinary fully paid shares which rank equally with existing Shares on issue.

(iv) **The basis on which allottees were determined**

The Shares were issued to CRA International Inc, a consultant to the Company, in consideration for corporate advisory services.

No related party participated in the allotment of the Shares.

(v) **The use (or intended use) of the funds raised**

No funds were raised from the issue. The Shares were issue as consideration for corporate advisory services.

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## 6. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF OPTIONS

### 6.1 Background

Resolution 5 seeks Shareholder ratification of the issue of 780,000 Options to employees/consultants as announced to the ASX on 29 July 2015, for the purposes of satisfying Listing Rule 7.4.

No funds were raised from the issue. The Options were issued to provide a performance linked incentive.

### 6.2 Listing Rule 7.4

Listing Rule 7.1 provides that (subject to certain exceptions, none of which are relevant here) prior approval of shareholders is required for an issue of securities by a company if the securities will, when aggregated with the securities issued by the company during the previous 12 months, exceed 15% of the number of the Shares on issue at the commencement of that 12 month period. The issue of 780,000 Options did not exceed the 15% limit.

Listing Rule 7.4 provides that where a company ratifies a prior issue of securities, the issue will be treated as having been made with approval for the purpose of Listing

Rule 7.1, thereby replenishing the company's 15% capacity and enabling it to issue further securities up to that limit.

If Resolution 5 is approved, the Options will not be included in the Company's 15% calculation for the purposes of Listing Rule 7.1.

### 6.3 Listing Rule 7.5

The information required to be provided to shareholders to satisfy Listing Rule 7.4 is specified in Listing Rule 7.5. In compliance with the information requirements of Listing Rule 7.5, Shareholders are advised of the following particulars in relation to the issue pursuant to Resolution 5:

(i) **Number of securities issued**

780,000 Options, comprising:

- 260,000 Series A Options
- 520,000 Series B Options

(ii) **Price at which securities were issued**

Nil – The Options were issued to provide a performance linked incentive.

(iii) **The terms of the securities**

Series A Options exercisable at a price of \$1.15 each expiring 31 December 2017 and otherwise on the terms and conditions as outlined in Annexure "A".

Series B Options exercisable at a price of \$1.25 each expiring 31 December 2017 and otherwise on the terms and conditions as outlined in Annexure "B".

(iv) **The basis on which allottees were determined**

Selected employees/consultants of the Company.

(v) **The use (or intended use) of the funds raised**

No funds were raised from the issue. The Options were issued to provide a performance linked incentive.

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## 7. RESOLUTION 6 – APPROVAL OF 10% PLACEMENT CAPACITY

### 7.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital over a period up to 12 months after the annual general meeting (**10% Placement Capacity**).

The Company is an Eligible Entity.

If Shareholders approve Resolution 6, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in Section 7.2 below).

The effect of Resolution 6 will be to allow the Directors to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

Resolution 6 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 6 for it to be passed.

## 7.2 ASX Listing Rule 7.1A

ASX Listing Rule 7.1A enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation (at the date of this Explanatory Statement) of \$178,086,553.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has two class of quoted Equity Securities on issue, being the Shares (ASX Code: YOW) and Options (YOWO).

The exact number of Equity Securities that the Company may issue, which may include Shares and/or listed Options, under an approval under Listing Rule 7.1A will be calculated according to the following formula:

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

Where:

- A** is the number of Shares on issue 12 months before the date of issue or agreement:
  - (i) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
  - (ii) plus the number of partly paid shares that became fully paid in the previous 12 months;
  - (iii) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under ASX Listing Rules 7.1 or 7.4; and
  - (iv) less the number of Shares cancelled in the previous 12 months.
- D** is 10%.
- E** is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

### 7.3 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 6:

#### (a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in Section 6.3(a)(i), the date on which the Equity Securities are issued.

#### (b) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking),

**(10% Placement Capacity Period).**

#### (c) Risk of voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 6 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market price of Shares and the number of Equity Securities currently on issue.

The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue	Dilution			
	Number of Shares issued under 10% Placement Capacity	Funds raised based on issue price of \$0.5875 (50% decrease in issue price)	Funds raised based on issue price of \$1.175 (issue price)	Funds raised based on issue price of \$1.7625 (50% increase in issue price)
151,563,024 (Current)	15,156,302	\$8,904,327	\$17,808,654	\$26,712,982
227,344,536 (50% increase)	22,734,453	\$13,356,491	\$26,712,982	\$40,069,473
303,126,048 (100% increase)	30,312,604	\$17,808,654	\$35,617,309	\$53,425,964

\*The number of Shares on issue (variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. The current shares on issue are the Shares on issue as at 12 October 2015.
2. The issue price set out above is the closing price of the Shares on the ASX on 12 October 2015.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
6. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

**(d) Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for the acquisition of assets and investments (including expenses associated with such an acquisition) that the Directors consider could add to the Company's existing business, and or continued working capital expenditure for its on-going Yowie Business; and general working capital; or

- (ii) as non-cash consideration for the acquisition of new assets and investments, in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

**(e) Allocation under the 10% Placement Capacity**

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Capacity. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to a number of factors, including:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company; and
- (v) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Capacity have not been determined as at the date of this Notice but may include existing Shareholders and/or new investors who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new assets or investments, it is possible that the allottees under the 10% Placement Capacity will be the vendors of the new assets or investments.

**(f) Previous Approval under ASX Listing Rule 7.1A**

The Company previously obtained approval under ASX Listing Rule 7.1A at its annual general meeting held on 27 November 2014.

In accordance with ASX Listing Rule 7.3A.6, the following information is provided to shareholders regarding the equity securities issued in the previous 12 months preceding the date of the Annual General Meeting (that is, 23 November 2015).

**Listing Rule 7.3A.6(a)**

The table below shows the total number of equity securities issued in the previous 12 months preceding the date of the annual general meeting and the percentage that those issues represent of the total number of equity securities on issue at the commencement of that 12 month period.

Total number of equity securities issued in the 12 months preceding the date of the meeting	30,107,794
Percentage that they represent of the total number of equity securities on issue at the commencement of that 12 month period	19.4%

**Listing Rule 7.3A.6(b)**

The tables below set out specific details for each issue of equity securities that have taken place in the 12 month period prior to the date of the annual general meeting.

<b>Date of issue</b>	<b>5 February 2015</b>
Number issued	20,000,000 fully paid ordinary shares
Summary of terms	Ordinary fully paid shares ranking equally with existing shares on issue.
Names of the persons who received securities or basis on which those persons were determined	To selected professional and sophisticated investors and to shareholders identified as having a long term commitment to the Company.
Price	50 cents per share
Discount to market price (if any)	7 cents per share
<b>For cash issues</b>	
Total cash consideration received	\$10,000,000
Amount of cash consideration spent	\$1,331,956
Use of cash consideration	Funds used for working capital, in particular for the continued rollout of the Yowie product in the US.
Intended use for remaining amount of cash (if any)	Unspent funds \$8,668,044  Funds will be used for further business development and growth, and advance the ongoing rollout of the Company's Yowie products.
<b>For non-cash issues</b>	
Non-cash consideration paid	N/A
Current value of that non-cash consideration	N/A

<b>Date of issue</b>	<b>10 August 2015</b>
Number issued	227,794 fully paid ordinary shares
Summary of terms	Ordinary fully paid shares ranking equally with existing shares on issue.
Names of the persons who received securities or basis on which those persons were determined	CRA International Inc.
Price	Deemed price of \$1.20 per share
Discount to market price (if any)	N/A
<b>For cash issues</b>	
Total cash consideration received	N/A
Amount of cash consideration spent	N/A
Use of cash consideration	N/A
Intended use for remaining amount of cash (if any)	N/A
<b>For non-cash issues</b>	
Non-cash consideration paid	Issued as consideration for corporate advisory services
Current value of that non-cash consideration	\$267,657

<b>Date of issue</b>	<b>Various</b>
Number issued	13,253,906 fully paid ordinary shares
Summary of terms	Ordinary fully paid shares ranking equally with existing shares on issue.
Names of the persons who received securities or basis on which those persons were determined	Various holders of options – Exercise of options
Price	10,753,906 – 20 cents 2,000,000 – 23 cents 500,000 – 76.6 cents
Discount to market price (if any)	N/A – Exercise of options
<b>For cash issues</b>	
Total cash consideration received	\$2,993,781
Amount of cash consideration spent	\$Nil
Use of cash consideration	N/A
Intended use for remaining amount of cash (if any)	Unspent funds \$2,993,781  Funds will be used for further business development and growth, and advance the ongoing rollout of the Company's Yowie products.
<b>For non-cash issues</b>	
Non-cash consideration paid	N/A
Current value of that non-cash consideration	N/A

<b>Date of issue</b>	<b>Various</b>
Number issued	8,730,000 unlisted options
Summary of terms	3,850,000 options (31/12/2017; \$0.766) 1,925,000 options (31/12/2017; \$0.90) 2,175,000 options (31/12/2017; \$1.05) 260,000 options (31/12/2017; \$1.15) 520,000 options (31/12/2017; \$1.25)
Names of the persons who received securities or basis on which those persons were determined	Selected employees/consultants of the Company.
Price	N/A
Discount to market price (if any)	N/A
<b>For cash issues</b>	
Total cash consideration received	N/A
Amount of cash consideration spent	N/A
Use of cash consideration	N/A
Intended use for remaining amount of cash (if any)	N/A
<b>For non-cash issues</b>	
Non-cash consideration paid	Issued to provide a performance linked incentive to selected employees / consultants.
Current value of that non-cash consideration	\$2,382,400

## 7.4 Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 6.

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## 8. RESOLUTION 7 – YOW EMPLOYEE INCENTIVE PLAN

### 8.1 Introduction - resolution regarding new employee incentive scheme

The Company has introduced a new employee share scheme which is presented to Shareholders for approval at this Annual General Meeting.

Resolution 7 relates to the YOW Employee Incentive Plan (EIP), described in more detail below.

The EIP incorporates both broad based equity participation for eligible employees as well as key executive incentive schemes.

### 8.2 Background

A summary of the key terms of the EIP is set out in Annexure C, and a copy of the rules of the EIP is available upon request from the Company.

Shareholder approval of the EIP is being sought for all purposes under the Corporations Act and the ASX Listing Rules, including ASX Listing Rule 7.2 (exception 9), so that securities issued in accordance with the EIP will be excluded from the calculation of the maximum number of new securities that can be issued by the Company in any 12 month period (currently 15% of shares previously on issue) for a period of three years from the date of approval.

If this Resolution 7 is approved by Shareholders, it will have the effect of enabling the securities issued by the Company under the EIP to be automatically excluded from the formula to calculate the number of securities which the Company may issue within the 15% in 12 months limit under Listing Rule 7.1 during the next three years period.

### 8.3 EIP terms generally

The EIP is a new employee equity plan developed to meet contemporary equity design standards and to provide the greatest possible flexibility in the design and offer choices available in the various new equity schemes.

The EIP enables the Company to offer employees a range of different employee share scheme (“ESS”) interests. These ESS interests or awards include options, performance rights, service rights, deferred shares, exempt shares, cash rights and stock appreciation rights.

The type of ESS interest that may be offered to employees will be determined by a number of factors, including:

- the remuneration or incentive purpose;
- the tax jurisdiction that the employee lives and/or works in;
- the laws governing equity incentives where the employee lives and/or works;
- and
- the logistics and compliance costs associated with offering equity incentives where the employee lives and/or works.

Whenever Shares are acquired under the EIP, they may be acquired and held by an Employee Share Trust ("EST"). The EST will be governed by a trust deed ("EST Trust Deed") outlining the rules of the EST and the responsibilities of the Trustee, the Company and participants and a copy of any EST Trust Deed will be available upon request from the Company. It is the intention of the company to establish an EST.

#### **8.4 Initial Offers**

Proposed initial offers under the EIP are as proposed in Resolutions 8 and 9; and detailed in Sections 9 and 10. For the purpose of ASX Listing Rule 10.15.4A the persons entitled to participate in the EIP are the current directors, Mr Wayne Loxton, Ms Patricia Fields and Mr Trevor Allen.

#### **8.5 Directors' Recommendation**

The Directors unanimously recommend Shareholders vote in favour of Resolution 7. As stated in the Notice, any vote cast in respect of this resolution by a Director and their respective associates will be disregarded, except as stated in the Notice.

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### **9. RESOLUTION 8 – ISSUE OF OPTIONS TO DIRECTOR**

#### **9.1 Introduction**

Resolution 8 seeks Shareholder approval for the granting of 1,075,000 Options to the Non-executive Director, Mr Trevor Allen, under the EIP, as well as Shareholder approval for the pro rata vesting of the Options granted to Mr Allen in the event that Mr Allen ceases as a director in certain circumstances.

#### **9.2 Conditional Resolution**

Resolution 8 is proposed as a conditional resolution, subject to and conditional upon the approval of Resolution 7 for the adoption of the YOW Equity Incentive Plan. Accordingly, if shareholders do not approve Resolution 7, this Resolution 8 will not be put to the meeting.

#### **9.3 Why Shareholder approval is being sought**

Shareholder approval is being sought for the reasons outlined in section 10.3.

#### **9.4 Grant of EIP Interests to Mr Allen**

Details of the grant of EIP Interests to Mr Allen are as outlined in section 10.4.

#### **9.5 Issue of 1,075,000 Options to Mr Allen**

##### ***Background***

Mr Allen was appointed as an independent Non-executive director on 25 March 2015. The proposed option incentive package, as detailed below, was agreed at the date of Mr Allen's appointment with full particulars of the principle terms disclosed to the market in the announcement of his appointment. The share price immediately prior to Mr Allen's appointment was 60 cents.

##### ***Maximum number of Options to be issued***

If Shareholder approval is granted, the maximum number of Options that may be granted to Mr Allen is 1,075,000.

##### ***Value of Options***

The average value of these Options determined applying a conventional binomial approximation option pricing model is:

- (i) \$0.2559 per option, based on the Share price at date of appointment; and

(ii) \$0.5588 per option, based on the Share price as at 8 October 2015.

### **Price of Options**

The Options will be granted at no cost to Mr Allen. Once the Vesting Conditions are met (or waived), the Options will be exercisable at the applicable Exercise Price:

- **Tranche 1** 275,000 Options at \$0.766 per Option;
- **Tranche 2** 375,000 Options at \$0.900 per Option;
- **Tranche 3** 425,000 Options at \$1.050 per Option.

Importantly, no value will be received by Mr Allen if the Options lapse prior to the vesting date, or if the market value of YOW shares fails to exceed the above exercise price/s.

### **Vesting Conditions and Important Dates**

The Vesting Dates for the Options granted to Mr Allen will be as follows:

- **Tranche 1:** 31 December 2015
- **Tranche 2:** 31 December 2016
- **Tranche 3:** 30 June 2017

All Options will lapse 31 December 2017, unless lapsed earlier.

The Vesting Conditions for the Options is satisfaction of the following:

#### **Service Condition:**

Continuous employment, in his current position as Non-executive Director, from the grant date of the Options until the relevant Vesting Date.

Any Options which fail to meet the Vesting Conditions before the relevant Vesting Date shall immediately lapse.

Full terms and conditions of the options are outlined in Annexure "C".

## **9.6 Additional Information**

Further conditions and details of the grant of EIP Interests to Mr Allen are as outlined in section 10.7.

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## **10. RESOLUTION 9 – ISSUE OF EQUITY AWARDS TO DIRECTORS**

### **10.1 Introduction**

Resolution 9 seeks Shareholder approval for the granting of:

- a) 427,332 Performance Rights to the Executive Chairman, Mr Wayne Loxton, under the EIP;
- b) 213,666 Performance Rights to the Executive Director, Ms Patricia Fields, under the EIP;
- c) 1,709,328 Performance Rights to the Executive Chairman, Mr Wayne Loxton, under the EIP; and
- d) 1,281,996 Performance Rights to the Executive Director, Ms Patricia Fields, under the EIP;

as well as Shareholder approval for the pro rata vesting of the Performance Rights granted to Mr Loxton and Ms Fields in the event that Mr Loxton or Ms Fields cease their employment in certain circumstances.

## 10.2 Conditional Resolution

Resolution 9 is proposed as a conditional resolution, subject to and conditional upon the approval of Resolution 7 for the adoption of the YOW Equity Incentive Plan. Accordingly, if shareholders do not approve Resolution 7, this Resolution 9 will not be put to the meeting.

## 10.3 Why Shareholder approval is being sought

ASX Listing Rule 10.14 states that a listed company must not permit a Director to acquire securities under an employee incentive scheme without Shareholder approval, by ordinary resolution. The purpose of Resolutions 9.1 to 9.4 and Resolution 8 is to have Shareholders approve the proposed grant of Performance Rights to the Company's Executive Chairman and Executive Director, Mr Wayne Loxton and Ms Patricia Fields; and Options to the Non-executive Director, Mr Trevor Allen pursuant to the Company's new employee share scheme, the YOW Equity Incentive Plan (the **EIP**).

More information about the EIP are contained in this Explanatory Statement under Resolution 7 and Annexure C.

In addition, the Company seeks Shareholder approval pursuant to section 200E of the Corporations Act for the pro rata vesting of the Performance Rights granted to each of Mr Loxton and Ms Fields and Options granted to Mr Allen in the event that Mr Loxton, Ms Fields or Mr Allen cease to be employed by the Company in limited circumstances, as specified in the terms of their invitations.

These circumstances include redundancy and death.

Under section 200B of the Corporations Act, a company may only give a person a benefit in connection with their ceasing to hold a managerial or executive office in the company if it is approved by shareholders under section 200E of the Corporations Act or an exemption applies. The term "benefit" may include the pro rata vesting of Performance Rights or Options (**EIP Interests**) in the limited circumstances outlined above, where Mr Loxton, Ms Fields or Mr Allen cease to be employed by the Company. This pro rata vesting of Mr Loxton, Ms Fields and Mr Allen's EIP interests, in those circumstances, may amount to the giving of a termination benefit requiring Shareholder approval, and as such, approval is sought for these purposes.

The number of EIP Interests that may vest on cessation of Mr Loxton, Ms Fields or Mr Allen's employment can be calculated by:

$$\frac{(\text{Date of Grant} - \text{Date of termination})(\text{in days})}{(\text{Date of Grant} - \text{Intended Vesting Date})(\text{in days})} \times \text{No. of EIP Interests held on cessation}$$

The value of the EIP Interests may be affected by:

- the market price of Company Shares at the time the employment ceases;
- the exercise price (if any) applicable to the EIP Interests;
- the performance against the performance hurdles at the time the employment ceases;
- the part of the service period has elapsed at the time the employment ceases; and
- the number of EIP Interests that lapse on cessation of employment.

## 10.4 Grant of EIP Interests to Mr Loxton, Ms Fields and Mr Allen

The role and responsibilities of these Directors is material to the success of Yowie Group.

The Board is aware that the ASX Corporate Governance Guidelines discourage participation in equity incentive schemes by Non-executive Directors.

The Board has determined that the anticipated time commitment, contacts and skills of the Non-executive Director cannot be adequately remunerated by a conventional fee for service basis and believe that an equity incentive linked to share price growth over time will provide the best possible alignment of Board and shareholder interests, all things considered.

As outlined previously, Shareholder approval must be sought, in accordance with ASX Listing Rule 10.14, for the grant of EIP Interests to Mr Loxton, Ms Fields and Mr Allen.

The Remuneration Committee have concluded that the remuneration for Mr Loxton, Ms Fields and Mr Allen (including the proposed grants of EIP Interests) are reasonable and appropriate having regard to the circumstances of the Company and Mr Loxton, Ms Fields and Mr Allen's duties and responsibilities.

## 10.5 Resolution 9.1 and 9.2 – Issue of Performance Rights to Mr Loxton and Ms Fields

### ***Maximum number of Performance Rights to be issued***

If Shareholder approval is granted, the maximum number of Performance Rights that may be granted to Mr Loxton is 427,332 and to Ms Fields is 213,666.

The number of Performance Rights to be issued was determined based on the 5 day VWAP of YOW shares immediately after the release of preliminary results for the year ended 30 June 2015 on 28 August 2015.

### ***Value of Performance Rights***

The average value of these Performance Rights determined applying a conventional binomial approximation Performance Rights pricing model is \$1.1801 per Performance Right, based on the following inputs as at 8 October 2015:

Risk-free rate: 1.82% (Derived from the 3 year Commonwealth Treasury Bond Rate)  
Historical Volatility: 70.00% (based on the YOW closing share price for the previous 12 months)  
Closing Share Price: \$1.18 (closing ASX price on 8 October 2015)  
Exercise Price: \$0.00  
Dividend Yield: 0.00% (based on actual dividends paid in the previous 12 months)

### ***Price of Performance Rights***

The Performance Rights will be granted at no cost to Mr Loxton and Ms Fields. Once the Vesting Conditions are met (or waived), the Performance Rights will be automatically exercised for nil consideration. Each Performance Right will convert to one Share.

Importantly, no value will be received by Mr Loxton and Ms Fields if the Performance Rights lapse prior to the vesting date.

### ***Vesting Dates and Conditions***

The Vesting Dates for the Performance Rights granted to Mr Loxton and Ms Fields will be as follows:

- **Tranche 1:** (50% of total grant): 31 August 2017
- **Tranche 2:** (50% of total grant): 31 August 2018

All Performance Rights will lapse 30 days after the relevant Vesting Date, unless lapsed earlier.

The Vesting Conditions for the Performance Rights is satisfaction of the following Performance Conditions and Service Condition:

**Performance Conditions: Tranche 1 – FY2017 TSR Hurdle**

Tranche 1 Performance Rights will vest if YOW's Total Shareholder Return (TSR) achieves the following Compound Annual Growth Rate (CAGR) over the period **1 July 2015 to 30 June 2017**:

<b>YOW TSR CAGR</b>	<b>% of Tranche 1 Performance Rights to vest*</b>
Equal to or less than 10% per annum	None
Between 10% and 15% per annum	Interpolated vesting on a straight line basis between 10% and 15%.
At least 15% per annum	100%

**Performance Conditions: Tranche 2 – FY2018 TSR Hurdle**

Tranche 2 Performance Rights will vest if YOW's Total Shareholder Return (TSR) achieves the following Compound Annual Growth Rate (CAGR) over the period **1 July 2015 to 30 June 2018**:

<b>YOW TSR CAGR</b>	<b>% of Tranche 2 Performance Rights to vest*</b>
Equal to or less than 10% per annum	None
Between 10% and 15% per annum	Interpolated vesting on a straight line basis between 10% and 15%.
At least 15% per annum	100%

**Service Condition:**

Continuous employment, as defined in the EIP, from the grant date of the Performance Rights until the relevant Vesting Date. This condition means that the movement of Mr Loxton and/or Ms Fields to a Non-executive Director position during the period up to vesting does not cause the Performance Rights to become incapable of vesting.

Any Performance Rights which fail to meet the Vesting Conditions before the relevant Vesting Date shall immediately lapse.

**10.6 Resolution 9.3 and 9.4 – Issue of Performance Rights to Mr Loxton and Ms Fields**

***Background/reason for grant***

The Board has determined that Mr Loxton and Ms Fields be eligible to receive Performance Rights in respect of their achievements over the financial year ended 30 June 2014 and 2015. Notwithstanding the Board's reason for awarding the Performance Rights, the vesting of the Performance Rights is conditional on the company achieving either specific sales or expansion targets over the period to 31 December 2016.

***Maximum number of Performance Rights to be issued***

If Shareholder approval is granted, the maximum number of Performance Rights that may be granted to Mr Loxton is 1,709,328 and to Ms Fields is 1,281,996.

The number of Performance Rights to be issued was determined based on the 5 day VWAP of YOW shares immediately after the release of preliminary results for the year ended 30 June 2015 on 28 August 2015.

#### ***Value of Performance Rights***

The average value of these Performance Rights determined applying a conventional binomial approximation Performance Rights pricing model is \$1.1801 per Performance Right, based on the following inputs as at 8 October 2015:

Risk-free rate: 1.82% (Derived from the 3 year Commonwealth Treasury Bond Rate)  
Historical Volatility: 70.00% (based on the YOW closing share price for the previous 12 months)  
Closing Share Price: \$1.18 (closing ASX price on 8 October 2015)  
Exercise Price: \$0.00  
Dividend Yield: 0.00% (based on actual dividends paid in the previous 12 months)

#### ***Price of Performance Rights***

The Performance Rights will be granted at no cost to Mr Loxton and Ms Fields. Once the Vesting Conditions are met (or waived), the Performance Rights will be automatically exercised for nil consideration. Each Performance Right will convert to one Share.

Importantly, no value will be received by Mr Loxton and Ms Fields if the Performance Rights lapse prior to the vesting date.

#### ***Vesting Dates and Conditions***

The Vesting Date for the Performance Rights granted to Mr Loxton and Ms Fields will be one month after the performance conditions attaching to the Performance Rights has been fulfilled.

All Performance Rights will lapse 30 days after the relevant Vesting Date, unless lapsed earlier.

The Vesting Conditions for the Performance Rights is satisfaction of the following Performance Conditions and Service Condition:

#### **Performance Conditions:**

The Performance Rights will vest if one of the following occurs before 31 December 2016:

- (a) the signing of an additional 'tier one' retail account as evidenced by the placing of an order with Yowie by that party. The definition of a Tier One account has been agreed by the Board. By way of example, Walmart is a Tier One account; or
- (b) the achieving of gross sales of an average of at least \$US650,000 per month for 3 consecutive months commencing November 2015, so as to exclude the one-off impact of initial orders as part of the national rollout into Walmart stores. Current sales for the month of August 2015 are at \$US467,000.

#### **Service Condition:**

Continuous employment, as defined in the EIP,, from the grant date of the Performance Rights until the relevant Vesting Date. This condition means that the movement of Mr Loxton and/or Ms Fields to a Non-executive Director position during the period up to vesting does not cause the Performance Rights to become incapable of vesting.

Any Performance Rights which fail to meet the Vesting Conditions before the relevant Vesting Date shall immediately lapse.

## 10.7 Number of equity incentives issued under the EIP, persons entitled to participate in the EIP, the date that the Company will grant these equity securities and loans

The adoption of the EIP, under which securities are proposed to be issued to Mr Loxton, Ms Fields and Mr Allen, is the subject of Resolution 7 of this Notice of Annual General Meeting and has not, as at the date of this Notice been implemented. Accordingly, the Company has not previously issued or granted any securities under the EIP. It is intended that all employees and directors, including Non-executive Directors, be eligible to participate in the EIP.

Mr Loxton currently has vested but unexercised equity issued under the Employee Option Plan, as follows:

- 1,400,000 options granted 20 June 2013, exercisable at 28.5 cents each expiring 30 June 2017; and
- 1,000,000 options granted 28 November 2014, exercisable at 76.6 cents each expiring 31 December 2017.

Ms Fields currently has vested but unexercised equity issued under the Employee Option Plan, as follows:

- 1,400,000 options granted 20 June 2013, exercisable at 28.5 cents each expiring 30 June 2017; and
- 1,000,000 options granted 28 November 2014, exercisable at 76.6 cents each expiring 31 December 2017.

Both Mr Loxton and Ms Fields have exercised 1,000,000 options each granted on 20 June 2013, exercisable at 23 cents each expiring 15 December 2015.

Mr Allen has not previously been issued equity under any ESS.

Subject to shareholder approval, it is anticipated that the EIP Interests will be granted to Mr Loxton, Ms Fields and Mr Allen shortly after the AGM to coincide with the issue of long term incentive grants to other Company executives. Irrespective of these intentions, grants of EIP Interests approved by shareholders under this resolution will be issued within 12 months of the date of this Meeting.

Finally, no loan will be provided by the Company in relation to the grant or exercise of the EIP Interests proposed to be issued to Mr Loxton, Ms Fields and Mr Allen.

### **Other Conditions**

Unvested EIP Interests may, in certain circumstances, vest early in accordance with the terms of the EIP Rules, and any Leaver's Policy that may apply from time to time, as approved by the Board.

EIP Interests cannot be transferred, disposed of, or have a security interest imposed over them without Board consent.

Any dealing in Shares is subject to the constraints of Australian insider trading laws and the Company's Share Trading Policy. Participants are specifically prohibited from hedging their Company share price exposure in respect of their EIP Interests during the vesting period.

On the occurrence of a Corporate Control Event (as defined in the Plan Rules), the Board will determine, in its sole and absolute discretion, the manner in which all unvested and vested EIP Interests will be dealt with.

If, in the Board's opinion Mr Loxton, Ms Fields and Mr Allen have acted fraudulently or dishonestly or are in breach of their material obligations to the Company, the Board may determine that any or all of their EIP Interests which have not yet vested, lapse.

**Directors' Recommendation**

As stated in the Notice of Annual General Meeting, any vote cast in respect of this resolution by a member of the Board or KMP or any person who participates in the issue of EIP Interests, and their respective associates, will be disregarded, except as stated in the Notice of Annual General Meeting.

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## GLOSSARY

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\$ means Australian dollars.

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

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

**ASX** means ASX Limited.

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

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

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

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

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

**Company** means Yowie Group Ltd (ABN 98 084 370 669).

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

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

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

**Eligible Entity** means an entity that, at the date of the relevant general meeting:

- (g) is not included in the S&P/ASX 300 Index; and
- (h) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

**Equity Securities** includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

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

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

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

**Option** means a Series A Option, Series B Option, Tranche 1 Option, Tranche 2 Option or Tranche 3 Option individually or in combination, as the circumstance requires.

**Ordinary Securities** has the meaning set out in the ASX Listing Rules.

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

**Remuneration Report** means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2015.

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

**Series A Option** means an option to acquire a Share at an exercise price of \$1.15 each expiring 31 December 2017 and otherwise on the terms and conditions as outlined in Annexure "A".

**Series B Option** means an option to acquire a Share at an exercise price of \$1.25 each expiring 31 December 2017 and otherwise on the terms and conditions as outlined in Annexure "B".

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

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

**Tranche 1 Option** means an option to acquire a Share at an exercise price of \$0.766 each expiring 31 December 2017 and otherwise on the terms and conditions as outlined in Annexure "D".

**Tranche 2 Option** means an option to acquire a Share at an exercise price of \$0.90 each expiring 31 December 2017 and otherwise on the terms and conditions as outlined in Annexure "D".

**Tranche 3 Option** means an option to acquire a Share at an exercise price of \$1.05 each expiring 31 December 2017 and otherwise on the terms and conditions as outlined in Annexure "D".

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

## ANNEXURE "A"

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### TERMS AND CONDITIONS OF SERIES A OPTIONS

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#### 1.1 Entitlement

Each Series A Option entitles the holder to subscribe for one Share upon exercise of the Series A Option.

#### 1.2 Exercise Price

Subject to subsection 1.10, the amount payable upon exercise of each Series A Option will be \$1.15 (**Exercise Price**).

#### 1.3 Vesting Conditions

The Series A Options will vest and shall otherwise not be capable of exercise until the first to occur of the following:

- (a) the 30<sup>th</sup> September 2016; or
- (b) a takeover bid in respect of the Company under Chapter 6 of the Corporations Act is announced to ASX; or
- (c) a Court orders a meeting to be held in relation to a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
- (d) any person becomes bound or entitled to acquire shares in the Company under:
  - (i) section 414 of the Corporations Act; or
  - (ii) Chapter 6A of the Corporations Act; or

In the event of cessation of employment and/or any consultancy arrangement prior to any vesting condition being satisfied a Series A Option shall automatically lapse.

#### 1.4 Expiry Date

Each Series A Option will expire at 5.00pm (WST) on 31 December 2017 (**Expiry Date**). A Series A Option not exercised before the Expiry Date will automatically lapse on the Expiry Date. If a Series A Option has vested in accordance with subsection 1.3, in the event of cessation of employment and/or any consultancy arrangement, the Expiry Date of a Series A Option shall be 30 days from the date of cessation.

#### 1.5 Exercise Period

Subject to subsection 1.3, the Series A Options are exercisable at any time from 30 September 2016 up to and including the Expiry Date (**Exercise Period**).

#### 1.6 Notice of Exercise

The Series A Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Series A Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Series A Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

### **1.7 Timing of issue of Shares on exercise**

No later than 15 Business Days after receipt by the Company of a Notice of Exercise and payment of the Exercise Price, the Company will:

- (a) allot and issue the number of Shares required under these terms and conditions in respect of the number of Series A Options specified in the Notice of Exercise and for which cleared funds have been received by the Company; and
- (b) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of Series A Options.

### **1.8 Shares issued on exercise**

Shares issued on exercise of the Series A Options rank equally with the then issued shares of the Company.

### **1.9 Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Series A Options.

### **1.10 Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

### **1.11 Participation in new issues**

There are no participation rights or entitlements inherent in the Series A Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Series A Options without exercising the Series A Options.

### **1.12 Adjustment for bonus issue of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of a Series A Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Series A Option before the record date for the bonus issue; and
- (b) no change will be made to the exercise price.

### **1.13 Change in exercise price**

Subject to subsection 1.12, a Series A Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Series A Option can be exercised.

### **1.14 Transferability**

The Series A Options are not transferable.

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**TERMS AND CONDITIONS OF SERIES B OPTIONS**

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**1.1 Entitlement**

Each Series B Option entitles the holder to subscribe for one Share upon exercise of the Series B Option.

**1.2 Exercise Price**

Subject to subsection 1.10, the amount payable upon exercise of each Series B Option will be \$1.25 (**Exercise Price**).

**1.3 Vesting Conditions**

The Series B Options will vest and shall otherwise not be capable of exercise until the first to occur of the following:

- (e) the 30<sup>th</sup> September 2016; or
- (f) a takeover bid in respect of the Company under Chapter 6 of the Corporations Act is announced to ASX; or
- (g) a Court orders a meeting to be held in relation to a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
- (h) any person becomes bound or entitled to acquire shares in the Company under:
  - (i) section 414 of the Corporations Act; or
  - (ii) Chapter 6A of the Corporations Act; or

In the event of cessation of employment and/or any consultancy arrangement prior to any vesting condition being satisfied a Series B Option shall automatically lapse.

**1.4 Expiry Date**

Each Series B Option will expire at 5.00pm (WST) on 31 December 2017 (**Expiry Date**). A Series B Option not exercised before the Expiry Date will automatically lapse on the Expiry Date. If a Series B Option has vested in accordance with subsection 1.3, in the event of cessation of employment and/or any consultancy arrangement, the Expiry Date of a Series B Option shall be 30 days from the date of cessation.

**1.5 Exercise Period**

Subject to subsection 1.3, the Series B Options are exercisable at any time from 30 September 2016 up to and including the Expiry Date (**Exercise Period**).

**1.6 Notice of Exercise**

The Series B Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Series B Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Series B Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

### **1.7 Timing of issue of Shares on exercise**

No later than 15 Business Days after receipt by the Company of a Notice of Exercise and payment of the Exercise Price, the Company will:

- (a) allot and issue the number of Shares required under these terms and conditions in respect of the number of Series B Options specified in the Notice of Exercise and for which cleared funds have been received by the Company; and
- (b) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of Series B Options.

### **1.8 Shares issued on exercise**

Shares issued on exercise of the Series B Options rank equally with the then issued shares of the Company.

### **1.9 Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Series B Options.

### **1.10 Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

### **1.11 Participation in new issues**

There are no participation rights or entitlements inherent in the Series B Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Series B Options without exercising the Series B Options.

### **1.12 Adjustment for bonus issue of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of a Series B Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Series B Option before the record date for the bonus issue; and
- (b) no change will be made to the exercise price.

### **1.13 Change in exercise price**

Subject to subsection 1.12, a Series B Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Series B Option can be exercised.

### **1.14 Transferability**

The Series B Options are not transferable.

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**SUMMARY OF EIP KEY TERMS AND KEY POLICY SETTINGS**

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**Eligibility**

The Board has the discretion to determine which employees are eligible to participate in the EIP. The definition of employee under the rules of the EIP includes any full time or permanent part time employee or officer or director of the Company or any related body corporate of the Company.

**Vesting conditions**

The vesting of any securities issued under the EIP, excluding Exempt Shares and Stock Appreciation Rights, may be conditional on the satisfaction of performance and/or service conditions as determined by the Board and advised to the employee in the individual's offer documents.

**Exercise of securities**

Vested securities issued under the EIP will not automatically trigger the exercise of the securities, but a participant will be entitled to exercise in accordance with the terms contained in the invitation to the individual.

**Price**

Securities issued under the EIP may be issued at no cost to the participants. Options may be subject to payment of an exercise price by the participant which is determined by the Board and advised to the participant in the individual's offer documents.

**Lapse/forfeiture**

Securities issued under the EIP will lapse or be forfeited on the earliest of:

- any expiry date applicable to the securities;
- any date which the Board determines that vesting conditions applicable to the securities are not met or cannot be met;
- the participant dealing in respect of the securities in contravention of the EIP; and
- the Board determining that a participant has committed an act of fraud, is ineligible to hold the office for the purposes of Part 2D.6 of the Corporations Act, or is found to have acted in a manner that the Board considers to constitute gross misconduct.

**Board may elect to settle in cash**

If the Board determines that it is not appropriate for tax, legal, regulatory or compliance reason to issue or transfer Shares upon satisfaction of its obligations under the plan, the Company may make a cash payment to the participant in accordance with the terms of the plan.

**Waiving the restricted period**

The Board may waive or shorten the restriction period applicable to securities issued under the EIP, as contained in the offer to the participant.

**Change of Control**

On the occurrence of a Change of Control (as defined in the rules of the EIP), the Board will determine, in its sole and absolute discretion, the manner in which vested and unvested securities issued under the EIP shall be dealt with.

## **Cessation of employment**

All unvested securities issued under the EIP lapse immediately on termination of employment unless any Leaver's Policy applies or the Board determines otherwise depending on the circumstances.

## **No dealing or hedging**

Dealing restrictions apply to securities issued under the EIP in accordance with the rules of the EIP and the Company's share trading policy. Participants are prohibited from hedging or otherwise protecting the value of unvested securities issued under the EIP.

## **Rights attaching to Shares**

Shares issued under the plan will rank equally for dividends and other entitlements, be subject to any restrictions imposed under these rules and otherwise rank equally with the existing Shares on issue at the time of allotment.

## **Company may issue or acquire shares**

Company may, in its discretion, either issue new shares or acquire shares already on issue, or a combination of both, to satisfy the Company's obligations under the EIP.

## **Adjustments**

Prior to the allocation of shares to a participant upon vesting or exercise of securities issued under the EIP, the Board may make any adjustment it considers appropriate to the terms of securities in order to minimise or eliminate any material advantage or disadvantage to a participant resulting from a corporate action such as a capital raising or capital reconstruction.

## **Limits on securities issued**

The number of shares that may be issued under the EIP is set with regard to the limits prescribed under ASIC Class Order 14/1000 with respect to employee share scheme offers made without a prospectus and made in accordance with a Notice of Reliance (CF 08). These limits provide that the number of shares that may be issued, when aggregated with a number of shares issued during the previous three years from share issues under all employee share schemes established by the Company (including as a result of exercise of options to acquire shares granted to the previous three years under any such employee share scheme), must not exceed 5% of the total number of shares on issue. Certain unregulated offers, including offers to senior managers and overseas residents are excluded.

An overall limit of 15% for employee share scheme (ESS) offers is imposed. At the date of preparation of this notice 7.87% was outstanding.

## **Continued operation of the plan**

The plan may be suspended, terminated or amended at any time by the Board, subject to any resolution of the Company required by the listing rules.

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**TERMS AND CONDITIONS OF TRANCHE 1 OPTIONS**

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**1.1 Entitlement**

Each Tranche 1 Option entitles the holder to subscribe for one Share upon exercise of the Tranche 1 Option.

**1.2 Exercise Price**

Subject to subsection 1.10, the amount payable upon exercise of each Tranche 1 Option will be A\$0.766 (**Exercise Price**).

**1.3 Vesting Conditions**

The Tranche 1 Options will vest and shall otherwise not be capable of exercise until the first to occur of the following:

- (i) the 31<sup>ST</sup> December 2015; or
- (j) a takeover bid in respect of the Company under Chapter 6 of the Corporations Act is announced to ASX; or
- (k) a Court orders a meeting to be held in relation to a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
- (l) any person becomes bound or entitled to acquire shares in the Company under:
  - (i) section 414 of the Corporations Act; or
  - (ii) Chapter 6A of the Corporations Act; or

In the event of cessation as a director of Yowie Group Ltd, for any reason, prior to any vesting condition being satisfied a Tranche 1 Option shall automatically lapse.

**1.4 Expiry Date**

Each Tranche 1 Option will expire at 5.00pm (WST) on 31 December 2017 (**Expiry Date**). A Tranche 1 Option not exercised before the Expiry Date will automatically lapse on the Expiry Date. If a Tranche 1 Option has vested in accordance with subsection 1.3, in the event of cessation as a director of Yowie Group Ltd, the Expiry Date of a Tranche 1 Option shall be 30 days from the date of cessation.

**1.5 Exercise Period**

Subject to subsection 1.3, the Tranche 1 Options are exercisable at any time from 31 December 2015 up to and including the Expiry Date (**Exercise Period**).

**1.6 Notice of Exercise**

The Tranche 1 Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Tranche 1 Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Tranche 1 Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

### **1.7 Timing of issue of Shares on exercise**

No later than 15 Business Days after receipt by the Company of a Notice of Exercise and payment of the Exercise Price, the Company will:

- (a) allot and issue the number of Shares required under these terms and conditions in respect of the number of Tranche 1 Options specified in the Notice of Exercise and for which cleared funds have been received by the Company; and
- (b) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of Tranche 1 Options.

### **1.8 Shares issued on exercise**

Shares issued on exercise of the Tranche 1 Options rank equally with the then issued shares of the Company.

### **1.9 Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Tranche 1 Options.

### **1.10 Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

### **1.11 Participation in new issues**

There are no participation rights or entitlements inherent in the Tranche 1 Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Tranche 1 Options without exercising the Tranche 1 Options.

### **1.12 Adjustment for bonus issue of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of a Tranche 1 Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Tranche 1 Option before the record date for the bonus issue; and
- (b) no change will be made to the exercise price.

### **1.13 Change in exercise price**

There is no right of change in the exercise price of the Tranche 1 Options.

### **1.14 Transferability**

The Tranche 1 Options are not transferable.

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## TERMS AND CONDITIONS OF TRANCHE 2 OPTIONS

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### 1.1 Entitlement

Each Tranche 2 Option entitles the holder to subscribe for one Share upon exercise of the Tranche 2 Option.

### 1.2 Exercise Price

Subject to subsection 1.10, the amount payable upon exercise of each Tranche 2 Option will be A\$0.90 (**Exercise Price**).

### 1.3 Vesting Conditions

The Tranche 2 Options will vest and shall otherwise not be capable of exercise until the first to occur of the following:

- (m) the 31<sup>ST</sup> December 2016; or
- (n) a takeover bid in respect of the Company under Chapter 6 of the Corporations Act is announced to ASX; or
- (o) a Court orders a meeting to be held in relation to a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
- (p) any person becomes bound or entitled to acquire shares in the Company under:
  - (i) section 414 of the Corporations Act; or
  - (ii) Chapter 6A of the Corporations Act; or

In the event of cessation as a director of Yowie Group Ltd, for any reason, prior to any vesting condition being satisfied a Tranche 2 Option shall automatically lapse.

### 1.4 Expiry Date

Each Tranche 2 Option will expire at 5.00pm (WST) on 31 December 2017 (**Expiry Date**). A Tranche 2 Option not exercised before the Expiry Date will automatically lapse on the Expiry Date. If a Tranche 2 Option has vested in accordance with subsection 1.3, in the event of cessation as a director of Yowie Group Ltd, the Expiry Date of a Tranche 2 Option shall be 30 days from the date of cessation.

### 1.5 Exercise Period

Subject to subsection 1.3, the Tranche 2 Options are exercisable at any time from 31 December 2016 up to and including the Expiry Date (**Exercise Period**).

### 1.6 Notice of Exercise

The Tranche 2 Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Tranche 2 Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Tranche 2 Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

### **1.7 Timing of issue of Shares on exercise**

No later than 15 Business Days after receipt by the Company of a Notice of Exercise and payment of the Exercise Price, the Company will:

- (a) allot and issue the number of Shares required under these terms and conditions in respect of the number of Tranche 2 Options specified in the Notice of Exercise and for which cleared funds have been received by the Company; and
- (b) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of Tranche 2 Options.

### **1.8 Shares issued on exercise**

Shares issued on exercise of the Tranche 2 Options rank equally with the then issued shares of the Company.

### **1.9 Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Tranche 2 Options.

### **1.10 Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

### **1.11 Participation in new issues**

There are no participation rights or entitlements inherent in the Tranche 2 Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Tranche 2 Options without exercising the Tranche 2 Options.

### **1.12 Adjustment for bonus issue of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of a Tranche 2 Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Tranche 2 Option before the record date for the bonus issue; and
- (b) no change will be made to the exercise price.

### **1.13 Change in exercise price**

Subject to subsection 1.12, a Tranche 2 Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Tranche 2 Option can be exercised.

### **1.14 Transferability**

The Tranche 2 Options are not transferable.

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## TERMS AND CONDITIONS OF TRANCHE 3 OPTIONS

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### 1.1 Entitlement

Each Tranche 3 Option entitles the holder to subscribe for one Share upon exercise of the Tranche 3 Option.

### 1.2 Exercise Price

Subject to subsection 1.10, the amount payable upon exercise of each Tranche 3 Option will be A\$1.05 (**Exercise Price**).

### 1.3 Vesting Conditions

The Tranche 3 Options will vest and shall otherwise not be capable of exercise until the first to occur of the following:

- (a) the 30<sup>th</sup> June 2017; or
- (b) a takeover bid in respect of the Company under Chapter 6 of the Corporations Act is announced to ASX; or
- (c) a Court orders a meeting to be held in relation to a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
- (d) any person becomes bound or entitled to acquire shares in the Company under:
  - (i) section 414 of the Corporations Act; or
  - (ii) Chapter 6A of the Corporations Act; or

In the event of cessation as a director of Yowie Group Ltd, for any reason, prior to any vesting condition being satisfied a Tranche 3 Option shall automatically lapse.

### 1.4 Expiry Date

Each Tranche 3 Option will expire at 5.00pm (WST) on 31 December 2017 (**Expiry Date**). A Tranche 3 Option not exercised before the Expiry Date will automatically lapse on the Expiry Date. If a Tranche 3 Option has vested in accordance with subsection 1.3, in the event of cessation as a director of Yowie Group Ltd, the Expiry Date of a Tranche 3 Option shall be 30 days from the date of cessation.

### 1.5 Exercise Period

Subject to subsection 1.3, the Tranche 3 Options are exercisable at any time from 30 June 2017 up to and including the Expiry Date (**Exercise Period**).

### 1.6 Notice of Exercise

The Tranche 3 Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Tranche 3 Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Tranche 3 Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

### **1.7 Timing of issue of Shares on exercise**

No later than 15 Business Days after receipt by the Company of a Notice of Exercise and payment of the Exercise Price, the Company will:

- (a) allot and issue the number of Shares required under these terms and conditions in respect of the number of Tranche 3 Options specified in the Notice of Exercise and for which cleared funds have been received by the Company; and
- (b) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of Tranche 3 Options.

### **1.8 Shares issued on exercise**

Shares issued on exercise of the Tranche 3 Options rank equally with the then issued shares of the Company.

### **1.9 Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Tranche 3 Options.

### **1.10 Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

### **1.11 Participation in new issues**

There are no participation rights or entitlements inherent in the Tranche 3 Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Tranche 3 Options without exercising the Tranche 3 Options.

### **1.12 Adjustment for bonus issue of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of a Tranche 3 Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Tranche 3 Option before the record date for the bonus issue; and
- (b) no change will be made to the exercise price.

### **1.13 Change in exercise price**

Subject to subsection 1.12, a Tranche 3 Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Tranche 3 Option can be exercised.

### **1.14 Transferability**

The Tranche 3 Options are not transferable.



**YOWIE GROUP LTD**  
ACN 084 370 669

## LODGE YOUR VOTE

 **ONLINE**  
[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

 **BY MAIL**  
Yowie Group Ltd  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia

 **BY FAX**  
+61 2 9287 0309

 **BY HAND**  
Link Market Services Limited  
1A Homebush Bay Drive, Rhodes NSW 2138

 **ALL ENQUIRIES TO**  
Telephone: +61 1300 554 474

## LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given above by **3:00pm (WST) on Saturday, 21 November 2015**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting. Proxy Forms may be lodged using the reply paid envelope or:

 **ONLINE**  
[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).

## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

### DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

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

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

# PROXY FORM

I/We being a member(s) of Yowie Group Ltd and entitled to attend and vote hereby appoint:

STEP 1

## APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **3:00pm (WST) on Monday, 23 November 2015 at BDO Chartered Accountants, 38 Station Street, Subiaco, Western Australia** (the Meeting) and at any postponement or adjournment of the Meeting.

**Important for Resolutions 1, 7, 8, 9.1, 9.2, 9.3 and 9.4:** If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1, 7, 8, 9.1, 9.2, 9.3 and 9.4, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

STEP 2

## VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an

### Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9.1 Issue of Equity Awards to Director – Executive Chairman Mr Wayne Loxton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Director – Wayne Loxton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9.2 Issue of Equity Awards to Director – Executive Director Ms Patricia Fields	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Director – Trevor Allen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9.3 Issue of Equity Awards to Director – Executive Chairman Mr Wayne Loxton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Ratification of Prior Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9.4 Issue of Equity Awards to Director – Executive Director Ms Patricia Fields	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Ratification of Prior Issue of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
6 Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
7 YOW Employee Incentive Plan (EIP)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
8 Issue of Options to Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				



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

STEP 3

## SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

