

**TZ LIMITED**  
**ACN 073 979 272**

**NOTICE OF ANNUAL GENERAL MEETING**

**AND**

**EXPLANATORY MEMORANDUM**

*For a meeting to be held on 19 November 2013 at 10.00 am  
at The Radisson Blu Plaza Hotel, Press Rooms 1, 2 and 3, Lower Ground Floor,  
27 O'Connell Street, Sydney, New South Wales*

**THIS IS AN IMPORTANT DOCUMENT AND SHOULD  
BE READ IN ITS ENTIRETY**

**If you do not understand any part of this document  
please contact a professional adviser immediately**

**TZ LIMITED**  
**ACN 073 979 272**

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is given that an Annual General Meeting of members of TZ Limited (“**Company**”) will be held at The Radisson Blu Plaza Hotel, Press Rooms 1, 2 and 3, Lower Ground Floor, 27 O’Connell Street, Sydney, New South Wales at 10.00 am (Sydney time) on 19 November 2013.

The business to be considered at the Annual General Meeting is set out below. Information on the proposals to which the business relates is set out in the Explanatory Memorandum which accompanies this Notice. This Notice should be read in conjunction with the accompanying Explanatory Memorandum.

**ORDINARY BUSINESS**

**Financial statements and reports**

To receive and consider the financial report, directors’ report and auditor’s report for the financial year ended 30 June 2013.

**Short explanation:** This item of business is for discussion at the Annual General Meeting and is not a resolution.

**Resolution 1 – Adoption of the Remuneration Report**

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

*"That the remuneration report for the financial year ended 30 June 2013 be adopted."*

**Short explanation:** The remuneration report is set out in the Company’s annual report for the financial year ended 30 June 2013. Section 250R(2) of the Corporations Act provides that at a listed company’s annual general meeting, a resolution that the remuneration report be adopted must be put to the vote. However, shareholders should be aware that the vote on the resolution is advisory only and does not bind the Directors or the Company.

**Voting Exclusion:** In accordance with the Corporations Act, a vote on Resolution 1 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 member,

however, a person described above may cast a vote on Resolution 1 if:

- the person does so as a proxy appointed in writing that specifies how the proxy is to vote on the resolution; and
- the vote is not cast on behalf of a person described in paragraphs (a) or (b).

### **Resolution 2 – Re-election of Mark Bouris as Director**

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

*"That Mark Bouris, who retires in accordance with regulation 14.5 of the Company's constitution and, being eligible, offers himself for re-election, be re-elected as a director of the Company."*

### **Resolution 3 – Re-election of Paul Casey as Director**

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

*"That Paul Casey, who was appointed as a director of the Company since the last annual general meeting of the Company and, being eligible, offers himself for re-election, be re-elected as a director of the Company."*

### **Resolution 4 – Approval of prior issue of Shares - placement**

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

*"That for the purposes of Listing Rule 7.4 of the ASX Listing Rules and for all other purposes, the shareholders of the Company approve the issue of 14,500,000 fully paid ordinary shares in the Company on the basis set out in the Explanatory Memorandum which accompanies the notice of meeting convening the meeting at which this resolution is proposed."*

**Voting Exclusion:** The Company will disregard any votes cast on this resolution by any person who participated in the issue of shares referred to in this resolution and any of their associates. However, the Company need not disregard a vote on the resolution 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.

### **Resolution 5 – Approval of prior issue of Options – placement**

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

*"That for the purposes of Listing Rule 7.4 of the ASX Listing Rules and for all other purposes, the shareholders of the Company approve the issue of 4,833,334 Options, having an exercise price of 14 cents per Option and an expiry date of 31 October 2013, on the basis set out in the Explanatory Memorandum which accompanies the notice of meeting convening the meeting at which this resolution is proposed."*

**Voting Exclusion:** The Company will disregard any votes cast on this resolution by any person who participated in the issue of Options referred to in this resolution and any of their associates. However, the Company need not disregard a vote on the resolution 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.

**Resolution 6 – Approval of prior issue of Shares to Infinity Design Development Pty Limited**

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

*"That for the purposes of Listing Rule 7.4 of the ASX Listing Rules and for all other purposes, the shareholders of the Company approve the issue of 1,719,690 fully paid ordinary shares in the Company to Infinity Design Development Pty Limited on the basis set out in the Explanatory Memorandum which accompanies the notice of meeting convening the meeting at which this resolution is proposed."*

**Voting Exclusion:** The Company will disregard any votes cast on this resolution by Infinity Design Development Pty Limited and any of its associates. However, the Company need not disregard a vote on the resolution 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.

**Resolution 7 – Approval of 10% Placement Facility**

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

*"That, pursuant to and in accordance with Listing Rule 7.1A of the ASX Listing Rules and for all other purposes, the shareholders of the Company approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum which accompanies the notice of meeting convening the meeting at which this resolution is proposed."*

**Voting Exclusion**

The Company will disregard any votes cast on this resolution by a person (and any associates of such a person) who may participate in the 10% Placement Facility and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this resolution is passed.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or
- (b) 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.

## **ADDITIONAL INFORMATION**

This notice of meeting is accompanied by an Explanatory Memorandum which provides an explanation of the business of the meeting, including the proposed resolutions.

### **Voting entitlement**

The board of directors of TZ Limited has determined in accordance with regulation 7.11.37 of the Corporations Regulations 2001 that for the purpose of voting at the Annual General Meeting, shares will be taken to be held by those who hold them at 7.00 pm (Sydney time) on Sunday, 17 November 2013. This means that if you are not the registered holder of a relevant share at the time, you will not be entitled to vote in respect of that share.

### **Voting by proxy**

Each shareholder who is entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on behalf of that shareholder. The proxy need not be a shareholder. Please note that a proxyholder cannot vote on a show of hands but can speak at the meeting and can vote on a poll.

A shareholder who is entitled to cast two or more votes may appoint one or two proxies and may specify the proportion or number of votes that each proxy is appointed to exercise. If a shareholder appoints two proxies and the appointment does not specify the proportion or number of shareholder's votes, each proxy may exercise half the votes (disregarding fractions). Neither proxy may vote on a show of hands.

In the event that a shareholder appoints a proxy and specifies the way the proxy is to vote on a particular resolution:

- where the proxy is not the Chairman:
  - (a) the proxy need not vote on a poll but if the proxy does so then the proxy must vote the way that the shareholder specifies; and
  - (b) if a poll is demanded and the proxy does not attend or vote, then the Chairman is taken to have been appointed as the proxy; and
- where the Chairman is the proxy (including where the Chairman is taken to have been appointed the proxy as set out above) the proxy must vote on a poll and must vote the way that the shareholder specifies.

**Important note regarding appointing a proxy:**

**The laws that apply to voting on resolutions relating to the remuneration of Key Management Personnel have changed. Certain categories of persons (including Directors and the Chairman of the Meeting) are now prohibited from voting on such resolutions, including as proxy in some circumstances. If you are appointing a proxy, to ensure that your vote counts, please read the following and the instructions on the Proxy Form carefully.**

If you appoint a member of the Key Management Personnel (which includes Directors and the Chairman of the Meeting) or any of their Closely Related Parties as your proxy, in general, for your vote to count, you must direct your proxy how to vote on **Resolution 1**.

If you appoint the Chairman of the Meeting as your proxy and you do not direct him how to vote on **Resolution 1**, he cannot cast your vote unless you have ticked the box in Step 1 of the Proxy Form. If you have not (i) directed the Chairman how to vote; or (ii) ticked the authorisation in Step 1 of the Proxy Form, he will not be able to cast your vote.

If you appoint as your proxy any other Director of the Company, any other of its Key Management Personnel, or any of their Closely Related Parties and you do not direct that person how to vote on **Resolution 1**, that person will not vote your proxy on those items of business.

A proxy appointment form is enclosed with this Notice. For the appointment of a proxy to be effective for the Meeting, the following documents must be received by 10.00 am on Sunday, 17 November 2013:

- (a) the proxy's appointment; and
- (b) if the appointment is signed by the appointer's attorney – the authority under which the appointment was signed or a certified copy of the authority.

Documents may be lodged by posting, delivery or facsimile to TZ Limited's share registry at:

**Computershare Investor Services Pty Limited**

GPO Box 242

Melbourne VIC 3001

Australia

Facsimile: 1800 783 447 (within Australia)

+61 3 9473 2555 (outside Australia)

If posting, please allow sufficient time for your form to be received by 10.00 am on 17 November 2013. For intermediary online subscribers (custodians), please visit [www.intermediaryonline.com](http://www.intermediaryonline.com).

Please refer to the Proxy Form accompanying this Notice for more information.

**Corporate representatives**

A body corporate may appoint an individual as a representative to exercise all or any of the powers the body corporate may exercise at meetings of shareholders. The appointment may be a standing one. Unless otherwise specified in the appointment, the representative may exercise, on the body corporate's behalf, all of the powers that the body corporate could exercise at a meeting or in voting on a resolution.

By order of the board of directors  
of TZ Limited

A handwritten signature in black ink, appearing to read 'K. Ting', with a horizontal line extending from the end of the signature.

KENNETH TING  
COMPANY SECRETARY  
16 October 2013

**TZ Limited**  
**ACN 073 979 272**  
**Annual General Meeting**  
**Explanatory Memorandum**

**Important information**

This Explanatory Memorandum has been prepared for the information of the shareholders of TZ Limited (the "**Company**") in connection with the business to be conducted at the Annual General Meeting of the Company to be held at 10.00 am (Sydney time) on 19 November 2013, at The Radisson Blu Plaza Hotel, Press Rooms 1, 2 and 3, Lower Ground Floor, 27 O'Connell Street, Sydney, New South Wales.

The purpose of this Explanatory Memorandum is to provide information that the Directors believe to be material to shareholders in deciding whether or not to pass the resolutions set out in the Notice. Amongst other things, this Explanatory Memorandum provides members with the information to be provided under the Corporations Act and the Listing Rules.

**You should read this document carefully.**

This Explanatory Memorandum and the accompanying Notice are important. You should read each document in its entirety before deciding how to vote on the resolutions at the Meeting. If you are in doubt as to what you should do, you should consult your financial, legal or other professional adviser.

**No investment advice**

This Explanatory Memorandum does not constitute financial product advice and it does not purport to contain all the information that a prospective investor may require in evaluating a possible investment in the Company. This Explanatory Memorandum has been prepared without taking account of any person's particular investment objectives, financial situation or needs.

**Role of ASX**

Copies of this Explanatory Memorandum and the Notice have been lodged with ASX for the purposes of Listing Rule 15.1.4. Neither ASX nor any of its officers take any responsibility for the contents of this Explanatory Memorandum and the Notice.

**Glossary**

Unless otherwise defined in this document, capitalised terms have the meaning set out in the Glossary at the end of this Explanatory Memorandum.

**Financial Statements and Reports**

The Corporations Act requires the financial report (which includes the Financial Statements and Directors' Declaration), the Directors' Report and Auditor's Report to be laid before the Annual General Meeting. There is no requirement either in the Corporations Act or the Company's Constitution for shareholders to approve the Financial Report, the Directors'

Report or the Auditor's Report. Shareholders will be given a reasonable opportunity at the meeting to ask questions and make comments on these reports.

Whilst no resolution is required in relation to this item, the auditor of the Company or their representative will be available to receive questions relevant to:

- (a) the conduct of the audit;
- (b) the preparation and content of the Auditor's Report;
- (c) the accounting policies adopted by the Company in relation to the preparation of the Financial Statements; and
- (d) the independence of the auditor in relation to the conduct of the audit.

### **Resolution 1 - Remuneration report**

The annual report for the financial year ended 30 June 2013 contains a remuneration report which sets out the remuneration policies applicable to the Company and reports the remuneration arrangements that were in place for the Company's Directors and senior executives for the financial year ended 30 June 2013.

A reasonable opportunity will be provided for discussion of the remuneration report at the meeting before shareholders are asked to vote on Resolution 1, to adopt the remuneration report.

The vote on the resolution is advisory only and does not bind the Directors or the Company. However, your Directors will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

Under the provisions of the Corporations Act known generally as the "two strikes rule", shareholders should note that if 25% or more of the votes that are cast are voted against the adoption of the remuneration report at two consecutive Annual General Meetings, shareholders will be required to vote at the second of those Annual General Meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's Directors (other than any managing director who may continue to hold office indefinitely without re-election under the ASX Listing Rules) must stand for re-election. Shareholders should be aware that at the Company's 2012 annual general meeting, less than 25% of the votes that were cast voted against the adoption of the 2012 remuneration report and accordingly no spill resolution can result at this Annual General Meeting.

Noting that each Director has a personal interest in his own remuneration from the Company, the Board unanimously recommends that you vote in favour of Resolution 1.

**The Chairman intends to vote any proxies held by him in favour of Resolution 1 (unless the appointer directs him otherwise).**

**Resolution 2 – Re-election of Mark Bouris as Director**

In accordance with the Company's constitution, Mr Mark Bouris will retire by rotation from office at the Meeting, and being eligible, offers himself for re-election as a Director.

Mark Bouris is the Executive Chairman of Yellow Brick Road Holdings Limited and has over 25 years' experience in the finance and property sectors. He is also the Chairman of Anteo Diagnostics Limited (ASX: ADO) and Chairman of Serena Resources Limited. In addition to his other directorships, Mark is an Adjunct Professor at the University of New South Wales Australian School of Business and he sits on the boards for the University of NSW Business Advisory Council and the University of Western Sydney Foundation Council. Mark is the author of three business books, a board member of the Sydney Roosters, and is the host of The Celebrity Apprentice Australia.

The continuing Directors unanimously support the re-election of Mr Mark Bouris as a Director of the Company.

The Chairman intends to vote any undirected proxies held by him in favour of Resolution 2.

**Resolution 3 – Re-election of Paul Casey as Director**

Mr Paul Casey was appointed as an additional Director of the Company on 27 May 2013 by the Directors of the Company. Under the constitution of the Company, Mr Casey is required to retire from office at the next annual general meeting following his appointment, however he is eligible for re-election and may by resolution of the Company be re-elected to that office.

Accordingly, at the Meeting, Mr Casey will retire from office, however being eligible for re-election, offers himself for re-election as Director.

Mr Casey brings over 30 years' experience in international travel and tourism and early stage investing. Paul was President and Chief Executive Officer ("CEO") of Hawaiian Airlines, a New York Stock Exchange ("NYSE") listed company, from 1997 until 2002. Prior to that he led the Hawaii Visitors and Convention Bureau ("HVCB") as President and CEO and he held a succession of senior management positions with Continental Airlines and Thomas Cook. Paul has run a travel software start-up in Bangkok, was the CEO of an investment firm focussed on rolling up travel-related businesses in China and was involved in restructuring a number of travel and tourism projects. He is also an investor and adviser to several Hawaii early stage companies and since 2011 was on the board of PDT until sold this year.

The continuing Directors unanimously support the re-election of Mr Paul Casey as a Director of the Company.

The Chairman intends to vote any undirected proxies held by him in favour of Resolution 3.

## **Resolution 4 – Approval of prior issue of Shares - placement**

### **Background**

The Company is seeking the approval of members for the purposes of ASX Listing Rule 7.4, in respect of the issue of 14,500,000 fully paid ordinary shares that were issued under its share placement in June 2013.

On 3 June 2013 the Company completed a capital raising by way of private placement, through the issue of 14,500,000 ordinary shares at 10 cents per share, raising \$1,450,000 (the "**Placement**"). In addition, each subscriber under the Placement was issued, for no additional consideration, one Option exercisable at 14 cents on or before 31 October 2013 for every three ordinary shares allotted. In total, 4,833,334 Options were issued under the Placement.

### **Effect of approval**

In general terms, Listing Rule 7.1 of the ASX Listing Rules imposes a 15% cap on the number of equity securities (including ordinary shares) that can be issued by the Company, without the approval of shareholders, in any 12 month period ("**15% limit**"). However, the Company is permitted to issue shares in excess of the 15% limit if those shares are issued in reliance on an exception to Listing Rule 7.1 or the issue is approved by shareholders. Listing Rule 7.4 enables shareholders to subsequently approve the issue of such shares for the purposes of Listing Rule 7.1.

The effect of the approval by shareholders of Resolution 4 would be that the 14,500,000 Shares issued under the Placement by the Company will not count towards the 15% limit.

The Company's capital base is critical to its ability to manage its business. With the current environment surrounding global credit markets, it is important for the Board to have maximum flexibility in accessing all forms of capital.

The requirement to obtain shareholder approval for an issue (and the need to convene a special meeting to do so), before the issue, could limit the Company's ability to take advantage of opportunities that may arise to raise equity capital.

No decision has been made by the Board to undertake any further issue of equity securities in the event that approval is received from shareholders in respect of Resolution 4. The Board will only decide to issue further equity securities if it considers it is in the best interests of the Company to do so. This may depend, amongst other things, on the Company's capital position and conditions in capital markets.

### **Information required under ASX Listing Rule 7.5**

Each of the 14,500,000 Shares were issued at an issue price of 10 cents per Share.

The funds raised from the issue of the 14,500,000 Shares have been, and will continue to be, used to meet working capital expenses of the Group.

The 14,500,000 Shares were issued on the same terms as, and rank equally with, all other ordinary shares in the capital of the Company then on issue.

The 14,500,000 Shares were allotted to various sophisticated and professional investors, each approved by the Company following consultation with Patersons Securities Limited, which acted as Lead Manager for the Placement.

### **Board Recommendation**

The Directors believe that it is in the best interests of the Company that the Directors maintain their ability to issue up to 15% of the issued capital of the Company over the next 12 months.

The Directors recommend that members vote in favour of Resolution 4.

## **Resolution 5 – Approval of prior issue of Options - placement**

### **Background**

The Company refers to the "Background" section in this Explanatory Memorandum relating to Resolution 4. As explained in that section, 4,833,334 Options have been issued under the Placement.

The Company is seeking the approval of members for the purposes of ASX Listing Rule 7.4, in respect of the issue of the 4,833,334 Options.

### **Effect of approval**

In general terms, Listing Rule 7.1 of the ASX Listing Rules imposes a 15% cap on the number of equity securities (including options) that can be issued by the Company, without the approval of shareholders, in any 12 month period ("**15% limit**"). However, the Company is permitted to issue options in excess of the 15% limit if those options are issued in reliance on an exception to Listing Rule 7.1 or the issue is approved by shareholders. Listing Rule 7.4 enables shareholders to subsequently approve the issue of such options for the purposes of Listing Rule 7.1.

The effect of the approval by shareholders of Resolution 5 would be that the 4,833,334 Options issued by the Company will not count towards the 15% limit.

The Company's capital base is critical to its ability to manage its business. With the current environment surrounding global credit markets, it is important for the Board to have maximum flexibility in accessing all forms of capital.

The requirement to obtain shareholder approval for an issue (and the need to convene a special meeting to do so), before the issue, could limit the Company's ability to take advantage of opportunities that may arise to raise equity capital.

No decision has been made by the Board to undertake any further issue of equity securities in the event that approval is received from shareholders in respect of Resolution 5. The Board will only decide to issue further equity securities if it considers it is in the best interests of the Company to do so. This may depend, amongst other things, on the Company's capital position and conditions in capital markets.

### **Information required under ASX Listing Rule 7.5**

The number of securities that were allotted is 4,833,334 Options.

The Options were granted for nil cash consideration, but have an exercise price of 14 cents per Option.

The terms applying to each of the 4,833,334 Options are set out in Schedule 1 to this Explanatory Memorandum.

The 4,833,334 Options were allotted to the same sophisticated and professional investors to whom the 14,500,000 Shares were issued the subject of Resolution 4, as determined following consultations with Patersons Securities Limited.

No funds were raised by the issue of the 4,833,334 Options.

### **Board Recommendation**

The Directors believe that it is in the best interests of the Company that the Directors maintain their ability to issue up to 15% of the issued capital of the Company over the next 12 months.

The Directors recommend that members vote in favour of Resolution 5.

<p><b>Resolution 6 – Approval of prior issue of Shares to Infinity Design Development Pty Limited</b></p>
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### **Background**

The Company is seeking the approval of members for the purposes of ASX Listing Rule 7.4, in respect of the issue of 1,719,690 fully paid ordinary shares that were issued to Infinity Design Development Pty Limited in August 2013 as part consideration for the purchase of the business assets of Infinity Design Development Pty Limited that was announced to the ASX on 1 August 2013.

The 1,719,690 shares were issued in satisfaction of \$200,000 of the consideration that was payable for the asset purchase, at an agreed issue price of 11.63 cents per share.

### **Effect of approval**

In general terms, Listing Rule 7.1 of the ASX Listing Rules imposes a 15% cap on the number of equity securities (including ordinary shares) that can be issued by the Company, without the approval of shareholders, in any 12 month period ("**15% limit**"). However, the Company is permitted to issue shares in excess of the 15% limit if those shares are issued in reliance on an exception to Listing Rule 7.1 or the issue is approved by shareholders. Listing Rule 7.4 enables shareholders to subsequently approve the issue of such shares for the purposes of Listing Rule 7.1.

The effect of the approval by shareholders of Resolution 6 would be that the 1,719,690 Shares issued by the Company to Infinity Design Development Pty Limited will not count towards the 15% limit.

The Company's capital base is critical to its ability to manage its business. With the current environment surrounding global credit markets, it is important for the Board to have maximum flexibility in accessing all forms of capital.

The requirement to obtain shareholder approval for an issue (and the need to convene a special meeting to do so), before the issue, could limit the Company's ability to take advantage of opportunities that may arise to raise equity capital.

No decision has been made by the Board to undertake any further issue of equity securities in the event that approval is received from shareholders in respect of Resolution 6. The Board will only decide to issue further equity securities if it considers it is in the best interests of the Company to do so. This may depend, amongst other things, on the Company's capital position and conditions in capital markets.

### **Information required under ASX Listing Rule 7.5**

Each of the 1,719,690 Shares were issued at an issue price of 11.63 cents per Share.

No funds were raised from the issue of the 1,719,690 Shares.

The 1,719,690 Shares were issued on the same terms as, and rank equally with, all other ordinary shares in the capital of the Company then on issue.

The 1,719,690 Shares were allotted to Infinity Design Development Pty Limited.

### **Board Recommendation**

The Directors believe that it is in the best interests of the Company that the Directors maintain their ability to issue up to 15% of the issued capital of the Company over the next 12 months.

The Directors recommend that members vote in favour of Resolution 6.

## **Resolution 7 – Approval of 10% Placement Facility**

### **1. General**

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting ("**10% Placement Facility**"). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 2(c) below).

## 2. Description of Listing Rule 7.1A

### (a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

### (b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue four classes of Equity Securities, Shares, Unlisted Options, Unlisted Convertible Notes and Listed Options. However as at the date on which the Meeting is to be held, the Listed Options will have either been exercised or lapsed, and so will no longer be on issue.

### (c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

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

**A** is the number of shares on issue 12 months before the date of issue or agreement:

- (A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (B) plus the number of partly paid shares that became fully paid in the 12 months;
- (C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rules 7.1 or 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- (D) less the number of fully paid shares cancelled in the 12 months.

*Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.*

**D** is 10%

**E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 200,706,219 Shares and therefore has a capacity to issue, subject to Shareholder approval being sought under Resolution 7, 20,070,621 Equity Securities under Listing Rule 7.1A. At the date of this Notice, the Company has capacity to issue 6,619,955 Equity Securities under Listing Rule 7.1, which capacity would increase to 30,105,932 Equity Securities if Resolutions 4, 5 and 6 are passed.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 2(c) above).

(e) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days 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 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX ("**10% Placement Period**").

**3. Listing Rule 7.1A**

The effect of Resolution 7 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 7 is a special resolution and therefore requires approval of 75% of the votes cast by shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative).

#### 4. Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days 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 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 7 is approved by shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing shareholders' voting power in the Company will be diluted as shown in the below table (in the case of Listed Options, Unlisted Options or Unlisted Convertible Notes, only if the Listed Options and Unlisted Options are exercised and the Unlisted Convertible Notes are converted). There is a risk that:
  - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares (which is assumed to be 10 cents) and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

- (a) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (b) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.05 50% decrease in Issue Price	\$0.10 Issue Price	\$0.20 100% increase in Issue Price
Current Variable A 200,706,219 Shares	10% Voting Dilution	20,070,621 Shares	20,070,621 Shares	20,070,621 Shares
	Funds raised	\$1,003,531	\$2,007,062	\$4,014,124
50% increase in current Variable A 301,059,328 Shares	10% Voting Dilution	30,105,932 Shares	30,105,932 Shares	30,105,932 Shares
	Funds raised	\$1,505,296	\$3,010,593	\$6,021,186
100% increase in current Variable A 401,412,483 Shares	10% Voting Dilution	40,141,248 Shares	40,141,248 Shares	40,141,248 Shares
	Funds raised	\$2,007,062	\$4,014,124	\$8,028,249

**The table has been prepared on the following assumptions:**

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- (ii) No Listed Options or Unlisted Options (including any Listed Options or Unlisted Options issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities.
- (iii) No Unlisted Convertible Notes (including Unlisted Convertible Notes issued under the 10% Placement Facility) are converted into Shares before the date of the issue of the Equity Securities.
- (iv) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (v) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
- (vi) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (vii) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Listed Options, Unlisted

Options or Unlisted Convertible Notes, it is assumed that those Listed Options and Unlisted Options are exercised, and the Unlisted Convertible Notes are converted, into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.

- (viii) The issue price is \$0.10, being the closing price of the Shares on ASX on 10 October 2013.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 7 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
  - (i) to raise additional cash likely to be needed from time to time in order to obtain and fulfil new contracts of supply to the Company's customers. The fulfilment of each contract requires expenditure by the Company on associated costs including manufacturing costs, in addition to normal operating expenses;
  - (ii) to raise cash for other purposes such as the acquisition of new assets or investments (including expenses associated with such an acquisition), the continued development and enhancement of the Company's technology and/or general working capital; or
  - (iii) 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.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (iv) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (v) the effect of the issue of the Equity Securities on the control of the Company;
- (vi) the financial situation and solvency of the Company; and
- (vii) advice from corporate, financial and broking advisers (if applicable).

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

The allottees under the 10% Placement Facility may be limited to sophisticated and professional investors, to avoid the additional costs associated with regulatory compliance for an issue to retail investors.

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

- (e) The Company has obtained Shareholder approval under Listing Rule 7.1A once before, namely at its 2012 annual general meeting held on 28 November 2012.

Since 18 November 2012 (that is, in the 12 months preceding the date of the Meeting) a total of 25,125,757 Equity Securities have been issued by the Company (16,229,899 Shares, 8,894,059 Options and 1,799 Unlisted Convertible Notes). This represents 9.5% of the total number of Equity Securities on issue on 18 November 2012 (that is, at the commencement of the 12 months preceding the date of the Meeting), which was 264,486,232 Equity Securities (184,475,203 Shares, 45,621,520 Options and 17,989 Unlisted Convertible Notes).

Details of the 25,125,757 Equity Securities issued by the Company since 18 November 2012 are set out immediately below.

- (i) 4,060,725 Listed Options were issued in December 2012 with an exercise price of \$0.14, an expiry date of 31 October 2013 and otherwise on the same terms as the Listed Options issued under the Company's 1 for 3 renounceable rights issue completed in October 2012. The 4,060,725 Options were issued at the direction of Patersons Securities Limited, the underwriter of the rights issue, in payment of additional consideration owed to it by the Company for its services as underwriter to the rights issue. No cash or non-cash consideration was raised from the issue of the Options.
- (ii) 1,799 Unlisted Convertible Notes were issued in December 2012 to QVT Fund LP and Quintessence Fund LP, after Shareholders approved the issue at the Company's 2012 annual general meeting. The issue of the Unlisted Convertible Notes (each of which has a face value of \$1,000) satisfied an obligation of the Company to pay interest of \$1,798,900 owed to QVT Fund LP and Quintessence Fund LP on other Unlisted Convertible Notes already held by them. The Unlisted Convertible Notes bear interest at the rate of 10% per annum, payable on 31 December each year. They are repayable in full on the fifth anniversary of the issue date unless converted into Shares by the holders. Subject to any required Shareholder approvals, conversion of the Unlisted Convertible Notes occurs at a conversion price per Share of the lower of \$0.42 and any subsequent price at which Shares may be issued by the Company while the Unlisted Convertible Notes are on issue (however the holders have subsequently agreed to exclude from this the issue price for the placement Shares referred to in paragraph (v) below). No cash or non-cash consideration was raised from the issue of the Unlisted Convertible Notes.
- (iii) 5,209 Shares were issued in December 2012 and January 2013 due to the exercise of Listed Options. The exercise price paid by the Option holders was \$0.14 per Share in accordance with the Option terms. The Shares ranked

equally with existing Shares from the time of allotment. The cash proceeds of \$729.26 received from the issue of the 5,209 Shares have been applied for working capital purposes.

- (iv) A further 5,000 Shares were issued in March 2013 due to the exercise of Listed Options. The exercise price paid by the Option holders was \$0.14 per Share in accordance with the Option terms. The Shares ranked equally with existing Shares from the time of allotment. The cash proceeds of \$700 received from the issue of the 5,000 Shares have been applied for working capital purposes.
  - (v) 14,500,000 Shares were issued in a placement conducted in May and June 2013. The subscribers were professional and sophisticated investors determined by the Company in consultation with the lead manager of the placement, Patersons Securities Limited. The Shares ranked equally with existing Shares from the time of allotment. The issue price of the Shares was \$0.10 per Share. This represented a discount of approximately 16.66% to the market price at the close of trading on the day before the placement was announced on 27 May 2013. The placement raised \$1,450,000 for additional working capital, of which approximately \$95,000 (exclusive of GST) has been spent on costs of the placement and \$1,355,000 on the Company's operating expenses, including customer contract fulfilment costs.
  - (vi) 4,833,334 Listed Options were issued as part of the placement referred to in paragraph (v) above, in which subscribers were also issued at the same time with one Listed Option for every 3 placement Shares subscribed for, for no additional consideration. The Listed Options have the same terms as the Company's other Listed Options, including an exercise price of \$0.14 and an expiry date of 31 October 2013.
  - (vii) 1,719,690 Shares were issued on 1 August 2013 to Infinity Design Development Pty Limited as part consideration for the acquisition of the business and assets of that company. The Shares ranked equally with existing Shares from the time of allotment. The issue of the Shares satisfied \$200,000 of the consideration payable under the purchase agreement, at an agreed issue price of 11.63 cents per Share. This represented a discount of approximately 10.5% to the market price at the close of trading on the day before the issue date.
- (f) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

## **5. Board Recommendation**

The Directors consider that the approval of the issue of the 10% Placement Facility described above is beneficial for the Company as it provides the Company with the flexibility to issue up to the maximum number of securities permitted under Listing Rule 7.1A in the next 12 months (without further shareholder approval), should it be required. At the date of the Notice, the Company has no plans to use the 10% Placement Facility should it be approved. Accordingly, the Directors unanimously recommend that shareholders vote in favour of Resolution 7.

## GLOSSARY

In this Explanatory Memorandum:

**10% Placement Facility** has the meaning given in section 1 of the Explanatory Memorandum dealing with Resolution 7.

**10% Placement Period** has the meaning given in section 2(f) of the Explanatory Memorandum dealing with Resolution 7.

**ASX** means ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context requires.

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

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

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant 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 dealings with the Company;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 to be a Closely Related Party.

**Company** or **TZL** means TZ Limited ACN 073 979 272.

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

**Director** means a director of the Company.

**Equity Securities** has the meaning given to that term in the Listing Rules.

**Explanatory Memorandum** means the Explanatory Memorandum accompanying the Notice.

**Group** means the Company and its Related Bodies Corporate.

**Key Management Personnel** has the meaning given to that term in the Corporations Act and generally includes those persons having authority or responsibility for planning, directing or controlling the actions of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

**Listed Options** means the 43,254,253 Options quoted on the ASX as at the date of this Notice under the code TZLO.

**Listing Rules** or **ASX Listing Rules** means the official listing rules of ASX.

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

**Notice** means the notice of meeting accompanying this Explanatory Memorandum.

**Option** means an option to acquire a Share.

**Related Body Corporate** has the meaning given in section 9 of the Corporations Act.

**Resolution** means a resolution set out in the Notice.

**Share** or **Shares** means an ordinary fully paid share or shares in the capital of the Company.

**Shareholder** means a holder of Shares.

**Trading Day** means a day determined by ASX to be a trading day in accordance with the Listing Rules.

**Unlisted Convertible Notes** means the 19,788 convertible notes which the Company has on issue as at the date of this Notice.

**Unlisted Options** means the 11,250,000 Options on issue as at the date of this Notice which are not quoted on the ASX.

**SCHEDULE 1 TO EXPLANATORY MEMORANDUM****Terms and conditions applying to each of the Options**

- (a) Subject to and conditional upon any adjustment in accordance with the conditions set out below, each Option entitles the holder to subscribe for one Share upon payment of the exercise price prior to the expiry date.
- (b) The Options may be exercised at any time on or before 5.00 pm (Sydney time) on 31 October 2013 ("**Expiry Date**"). Options not exercised by the Expiry Date lapse.
- (c) The exercise price of each Option shall be \$0.14 ("**Exercise Price**").
- (d) The Options may be exercised by lodging with the Company, before the Expiry Date:
  - (i) a written notice of exercise specifying the number of Options being exercised ("**Exercise Notice**"); and
  - (ii) a bank cheque in favour of the Company or electronic funds transfer for the Exercise Price for the number of Options being exercised.

An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.

- (e) Shares to be issued pursuant to the exercise of Options will be issued within 10 business days following receipt of the Exercise Notice and the Exercise Price (in cleared funds) and will rank equally with the then issued Shares.
- (f) The Company will make an application to ASX for quotation of the Options. If the ASX does not grant the Options admission to official quotation, they will remain unlisted. Application will be made for quotation of the Shares issued upon exercise of Options within 10 business days after the date of allotment of those Shares. The Options are transferable.
- (g) The Options confer on holders a right to a change in the Exercise Price, or a change to the number of Shares to be issued on exercise of the Options, where there is a pro rata issue (except a bonus issue) to the Shareholders. In such circumstances, the Exercise Price of the Options may be reduced according to the formula set out in Listing Rule 6.22.
- (h) If, from time to time, before the expiry of the Options, the Company makes a pro rata issue of Shares to the Shareholders for no consideration, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the date for calculating entitlements to the pro rata issue.
- (i) There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of securities offered to Shareholders during the currency of the Options. However, before the record date to determine entitlements to any such new issue of securities, the Company will notify the holders of the Options of the proposed new issue in accordance with the requirements of the Listing Rules.

- (j) In the event of a reconstruction (including consolidation, subdivision, reduction, or return of the issued capital of the Company), the rights of the holders of Options shall be changed to the extent necessary to comply with the ASX Listing Rules.
- (k) Any calculations of a change in the Exercise Price or a change to the number of Shares to be issued on exercise of the Options required under these terms and conditions will be made by the Company, notified to the holders of the Options in writing and will be binding on the holders of the Options.