

YPB Group Ltd
ACN 108 649 421

Notice of General Meeting

Notice is given that the General Meeting of Shareholders of YPB Group Limited (**YPB** or the **Company**) will be held at **11.00AM** (AEDT), on **Tuesday 30 October 2018** at Level 29, 66 Goulburn Street, Sydney, NSW 2000 (**General Meeting**). The Explanatory Memorandum accompanying this Notice provides additional information on matters to be considered at the General Meeting. The Explanatory Memorandum and Proxy form part of this Notice.

The Directors have determined that, pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the persons eligible to vote at the General Meeting are those who are registered Shareholders as at 7pm (AEDT) on **Sunday 28 October 2018**. Terms used in this Notice are defined in the Glossary which forms a part of the Explanatory Memorandum.

AGENDA

Resolution 1

APPROVAL OF DIRECTOR'S CONVERSION OF UNSECURED LOAN TO THE COMPANY TO ORDINARY SHARES AND OPTIONS

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

That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for Mr John Houston, CEO and Executive Chairman, to convert an unsecured loan amounting to \$400,000 into 22,222,222 Shares at a conversion price of A\$0.018 per Share and 22,222,222 Options in the Company on the terms and conditions as detailed in the Explanatory Memorandum.

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of Resolution 1 by or on behalf of Mr Houston or any of his associates. 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 a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Chairman of the General Meeting intends to vote all available proxies in favour of Resolution 1.

Resolution 2

RATIFICATION OF PRIOR ISSUE OF SHARES (90,910,251 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, the previous issue of 90,910,251 Shares on the terms and conditions as detailed in the Explanatory Memorandum, be and is hereby ratified and approved.

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of Resolution 2 by or on behalf of any person who participated in the issue or 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 a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Chairman of the General Meeting intends to vote all available proxies in favour of Resolution 2.

Resolution 3

RATIFICATION OF PRIOR ISSUE OF SHARES AND OPTIONS (3,800,000 SHARES AND 3,800,000 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, the previous issue of 3,800,000 Shares and 3,800,000 Options with an exercise price \$0.035 and expiry of 17 July 2019 on

the terms and conditions as detailed in the Explanatory Memorandum, be and is hereby ratified and approved.

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of Resolution 3 by or on behalf of any person who participated in the issue or 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 a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Chairman of the General Meeting intends to vote all available proxies in favour of Resolution 3.

Resolution 4

APPROVAL OF ISSUE OF NEW SHARES TO MOTIF MICRO VENDORS (20,520,397 SHARES)

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

“That for the purposes of ASX Listing Rule 7.1 and all other purposes, approval be given for the Company to issue 20,520,397 Shares to the Motif Micro Vendors on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of any of the Motif Micro Vendors, any person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary shares in the Company) or any associates of the aforementioned 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 a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Chairman of the General Meeting intends to vote all available proxies in favour of Resolution 4.

Resolution 5

APPROVAL TO ISSUE PLACEMENT OPTIONS (90,910,251 OPTIONS)

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

“That for the purposes of ASX Listing Rule 7.1 and all other purposes, approval be given for the Company to issue up to 90,910,251 Options at an exercise price of \$0.025 and expiry 18 months from issue to institutional and professional investors on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary shares in the Company) or any associates of the aforementioned persons. However, the Company will not disregard a vote if:

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- 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 a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Chairman of the General Meeting intends to vote all available proxies in favour of Resolution 5.

Resolution 6**APPROVAL TO ISSUE OPTIONS (7,637,000)**

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

“That for the purposes of ASX Listing Rule 7.1 and all other purposes, approval be given for the Company to issue up to 7,637,000 Options at an exercise price of \$0.025 and expiry 18 months from issue on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of Resolution 6 by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary shares in the Company) or any associates of the aforementioned 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 a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Chairman of the General Meeting intends to vote all available proxies in favour of Resolution 6.

Resolution 7**APPROVAL FOR THE ISSUE OF 1,500,000 CONVERTIBLE NOTES**

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

“That for the purposes of ASX Listing Rule 7.1 and all other purposes, approval be given for the issue of 1,500,000 convertible notes issued to various sophisticated investors, on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of Resolution 7 by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary shares in the Company) or any associates of the aforementioned 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 a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Chairman of the General Meeting intends to vote all available proxies in favour of Resolution 7.

YPB GROUP LTD
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Dated: 26 September 2018

By order of the Board.

Robert Whitton
Company Secretary

Notes

Explanatory Memorandum

The Notice should be read in conjunction with the accompanying Explanatory Memorandum.

Eligibility to vote

In accordance with the Corporations Act and the Constitution, a person's entitlement to vote at the General Meeting will be determined by reference to the number of Shares registered in the name of that person (reflected in the register of members) as at 7pm (Sydney time) on Sunday 28 October 2018.

How to vote

Each Shareholder is entitled to attend and vote at the General Meeting in person or by proxy.

Proxy votes

Each Shareholder is entitled to appoint not more than two proxies to attend and vote in their place.

Where more than one proxy is appointed, the appointment may specify the proportion or number of votes that the proxy may exercise, otherwise each proxy may exercise half of the votes.

A proxy need not be a Shareholder.

A Proxy Form must be signed (in the form attached to this Notice) by the Shareholder or the Shareholder's attorney.

Proxy Forms must reach the Company at least forty eight (48) hours before the General Meeting.

The address for lodgment of Proxy Forms is:

Delivery Address

Level 12
225 George Street
Sydney NSW 2000
Australia

Postal Address

Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001
Australia

Fax Number

+ 61 2 9290 9655

Online

<https://www.votingonline.com.au/ypbgmoctober2018>

Undirected Proxies

Subject to the above, the Chairman of the General Meeting intends to vote all undirected proxies in favour of the Resolutions. However, the Company encourages all Shareholders who submit Proxy Forms to direct their proxy how to vote on each Resolution by marking the boxes on the Proxy Form (Step 2) for each item of business.

Directed Proxies

Under recent amendments to the Corporations Act, there are new rules relating to how a proxy must vote directed proxies. If a Proxy Form specifies the way a proxy is to vote on a Resolution, then:

- (a) a proxy need not vote on a show of hands, but if the proxy does vote, the proxy must vote as directed;
- (b) if a proxy is appointed by two or more Shareholders who specify different ways to vote on a resolution, the proxy must not vote on a show of hands;
- (c) if the proxy is the Chairman, the proxy must vote as directed on a poll;
- (d) if the proxy is not the Chairman, the proxy need not vote on a poll, but if the proxy does vote, the proxy must vote as directed; and
- (e) if the proxy is not the Chairman and does not attend the General Meeting or does not vote on a Resolution, but the Proxy Form specifies how to vote and a poll is demanded, then the Chairman is taken to have been appointed as the proxy and must vote as directed.

Power of Attorney

A Shareholder's attorney may sign the Shareholder's Proxy Form on behalf of the Shareholder. By signing the Proxy Form, the Shareholder's attorney confirms that the authority under which he or she executed the Proxy Form has not been revoked.

If the Shareholder's attorney signs the Proxy Form, then the attorney must, when it sends the Proxy Form to the Company, also send the authority (or a certified copy of the authority) under which the Proxy Form was signed. Each of the Proxy Form and authority must be received at least forty eight (48) hours before the General Meeting.

Bodies Corporate

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at the General Meeting. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise on behalf of the appointing body all of the powers that the appointing body could exercise at the General Meeting or in voting on a Resolution.

Enquiries

Shareholders are invited to contact the Company Secretary Robert Whitton on (02) 8263 4000 if they have any queries in respect of the matters set out in these documents.

Explanatory Memorandum

YPB Group Ltd

1. Introduction

This Explanatory Memorandum has been prepared to assist Shareholders in considering the Resolutions set out in the Notice. This Explanatory Memorandum forms part of, and should be read in conjunction with, the Notice.

Terms used in this Explanatory Memorandum are defined in the Glossary.

2. General

2.1 RESOLUTION 1: CONVERSION OF DIRECTOR UNSECURED LOAN TO THE COMPANY TO ORDINARY SHARES

(a) *Introduction*

Mr John Houston, CEO and Executive Chairman through his related entity (such entity being JF Houston Holdings Pty Ltd) provided the Company a loan of \$400,000 (**Loan**). Particulars of the Loan are as follows:

Date of the loan	1 October 2017
Term (including rollover)	12 months
Amount	\$400,000
Interest Rate	8%
Security	Unsecured

The Loan has been used to fund operations, and to develop and acquire intellectual property. The Company proposes to convert the Loan into 22,222,222 Shares at a conversion price of \$0.018 and 22,222,222 Options on the terms set out in Schedule 1 (**Proposed Issue**):

Resolution 1 seeks Shareholder approval for the Proposed Issue pursuant to the conversion of the Loan.

(b) *Listing Rule 10.11*

Listing Rule 10.11 provides that an entity must not issue, or agree to issue, equity securities to a related party without the approval of its shareholders. For the purposes of the Listing Rules, a “related party” of the Company includes, amongst other things, the directors of the Company and any entities they control. Mr Houston is Executive Chairman of the Company and controls JF Houston Holdings Pty Ltd accordingly, JF Houston Holdings Pty Ltd is a related party of the Company for the purposes of both the Corporations Act and the Listing Rules.

The Company therefore seeks Shareholder approval to issue the Shares and Options to JF Houston Holdings Pty Ltd for the purposes of Listing Rule 10.11.

(c) *Listing Rule 7.1*

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Listing Rule 7.2 (exception 14) provides that Shareholder approval under Listing Rule 7.1 is not required for the issue of securities to related parties which are approved under Listing Rule 10.11. Accordingly, the issue of the Shares to Mr Houston will not be included in the 15% calculation of the Company's annual placement capacity pursuant to Listing Rule 7.1.

(d) **Chapter 2E of the Corporations Act**

Chapter 2E of the Corporations Act regulates the provision of "financial benefits" to "related parties" by a public company. Chapter 2E prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- prior shareholder approval is obtained to the giving of the financial benefit.

A "related party" is widely defined under the Corporations Act, and includes the directors of the company under section 228 of the Corporations Act and any entities that they control. As such, JF Houston Holdings Pty Ltd is a related party of the Company for the purposes of section 208 of the Corporations Act.

A "financial benefit" is construed widely and in determining whether a financial benefit is being given, section 229 of the Corporations Act requires that any consideration that is given is disregarded, even if the consideration is adequate. It is necessary to look at the economic and commercial substance and the effect of the transaction in determining the financial benefit. Section 229 of the Corporations Act includes as an example of a financial benefit, the issuing of securities or the granting of an option to a related party.

The issue of Securities to JF Houston Holdings Pty Ltd constitutes the provision of a financial benefit to a Related Party.

Section 210 of the Corporations Act provides that an entity does not need to obtain Shareholder approval to give a financial benefit to a related party if the giving of the financial benefit would be reasonable in the circumstances if the related party and the entity are dealing at arm's length (or terms less favorable than arm's length).

Given that the terms of the conversion are similar to the terms of the Placement, the Board is of the view that the proposed issue is determined to be at arm's length and therefore that the exception in section 210 of the Corporations Act is relevant to Resolutions 1, and as such is not seeking Shareholder approval pursuant to Chapter 2E of the Corporations Act.

(e) **Listing Rule 10.13**

The following information is provided in accordance with Listing Rule 10.13:

- i. A total of 22,222,222 Shares and 22,222,222 Options will be issued to JF Houston Holdings Pty Ltd, an entity controlled by Mr Houston.
- ii. All of the Shares and Options will be issued not more than one month after the date of this meeting, or such later date as permitted by the ASX. It is intended that the Shares and Options will be issued immediately after this Resolution 1 is passed.
- iii. The deemed issue price of each Share will be A\$0.018 per Share. The Shares will be issued as fully paid ordinary shares in the capital of the Company and on the same terms as the Company's existing Shares on issue.
- iv. The Options will be issued for nil consideration. The terms of the Options are set out in Schedule 1.

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- v. No funds will be raised from the proposed issue of the Shares or Options. The Shares and Options are being issued in satisfaction of the debt owing by the Company to Mr Houston.
- vi. Should Mr Houston (or his nominee) exercise all the Options issued pursuant to this resolution then \$555,555.55 will be raised by the Company. Funds received will be utilized to fund working capital.

(f) **Directors' Recommendation**

The Board, other than Mr Houston, recommends that Shareholders vote in favour of Resolution 1.

2.2 RESOLUTIONS 2 AND 3: RATIFICATION OF PRIOR ISSUES OF SECURITIES

Resolutions 2 and 3 seek approval from Shareholders for the prior issue of Shares and Options (**Securities**) that have occurred in the previous 12-month period that have not already been approved by Shareholders for the purposes of Listing Rule 7.1.

Listing Rule 7.1 prohibits a company from issuing securities representing more than 15% of its issued capital in any 12-month period without shareholder approval.

Under Listing Rule 7.4 where a company in general meeting ratifies a previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rule 7.1.

If Resolutions 2 and 3 are approved it will have the effect of refreshing the Company's ability to issue up to a further 15% of its capital under Listing Rule 7.1 during the next 12 months without the need to obtain prior shareholder approval or using the additional 10% of its capital under Listing Rule 7.1A.

The Company issued 98,510,251 Securities utilising its 15% annual placement capacity under Listing Rule 7.1.

Resolution 2

Name of the allottees:	The allottees were professional and sophisticated investors.
Number of securities that were allotted and issued:	90,910,251 Shares
Date of issue:	5 September 2018
Price at which the securities were issued:	A\$0.018 per Share
Terms of securities:	The Shares will be issued as fully paid ordinary shares in the capital of the Company and on the same terms as the Company's existing Shares on issue.
Date of Announcement	5 September 2018
Purpose/Use (or intended use) of the funds raised:	Working capital, debt repayment, R & D to commence commercialisation of Motif Micro smartphone anti-counterfeit technology and fund preparation for Token issue.

Resolution 3

Name of the allottee:	Namaste Technologies Inc
Number of securities that were allotted and issued:	3,800,000 Shares 3,800,000 Options at an exercise price of \$0.035 and expiry date of 17 July 2019
Date of issue:	17 July 2018
Price at which the securities were issued:	A\$0.035 per Share A\$0.00 per Option
Terms of securities:	The Shares will be issued as fully paid ordinary shares in the capital of the Company and on the same terms as the Company's existing Shares on issue. Each Option was issued on the terms set out below.
Date of Announcement	27 June 2018
Purpose/Use (or intended use) of the funds raised:	Working Capital, debt repayment, R & D to commence commercialisation of Motif Micro smartphone anti-counterfeit technology and fund preparation for Token issue.

Option Term	Detail
Exercise Price	The exercise price for the Options will be \$0.035 per option.
Entitlement on exercise	Each Option entitles the holder to subscribe for one Share (New Share).
Expiry Date	17 July 2019
Period of exercise	Options may be exercised at any time prior to the Expiry Date. Any Options not exercised by the Expiry Date will automatically lapse.
How to exercise an Option	To exercise, the holder is required to deliver a duly completed notice of exercise to the Company at any time prior to the Expiry Date.
Issue of Shares	Within 5 business days (being a day for which banks are open in New South Wales other than weekends or public holidays) after receipt of a valid notice of exercise, the Company will issue the New Shares pursuant to the exercise of the Options.
Minimum number of Options exercisable	100,000

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Ranking	New Shares issued on exercise of the Options will rank equally with all existing Shares.
Quotation	The Company will seek to obtain quotation of the Options.
Transferability	The Options are transferable
Reconstruction of capital	If at any time the issued capital of the Company is reconstructed (including consolidation, subdivision, reduction of return), all rights of a holder of Options are to be changed to the extent necessary in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
Participation in new issues	There are no participation rights or entitlements inherent in the Options and holders of Options will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options without exercising the options. Holders of these Options will be afforded the period of at least 5 Business Days prior to and inclusive of the record date (to determine entitlements to the new issue) to exercise their Options.
Change in Exercise Price/number of underlying ordinary shares	<p>If there is a bonus issue to shareholders, the number of ordinary shares over which an Option is exercisable may be increased by the number of shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.</p> <p>In the event that a pro rata issue (except a bonus issue) is made to shareholders, the Exercise Price of the Options may be reduced in accordance with ASX Listing Rule 6.22.2.</p>

(a) **Directors' Recommendation**

The Board recommends that Shareholders vote in favour of Resolutions 2 and 3 as they provide the Company with the flexibility to issue, subject to the limits under the Listing Rules, further Securities during the next 12 months without shareholder approval.

2.3 RESOLUTION 4: APPROVAL OF ISSUE OF NEW SHARES TO MOTIF MICRO VENDORS

(a) **Background**

On 8 December 2015, the Company announced it had signed a binding agreement with the shareholders of Motif Micro Inc., (**MM**), (together, the **MM Vendors**) to acquire by way of merger all of the issued capital in MM (the **MM Shares**). MM was a company commercialising secure, smartphone readable micro-barcode technology (MM has been merged into YPB's US subsidiary so it no longer exists).

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As the final part of the consideration for the acquisition of the MM Shares the Company must issue to the MM Vendors (in their relevant proportions) Shares in the Company to a value of US\$1,000,000 (**MM Milestone Shares**), once the relevant milestones having been achieved.

The full merger consideration (as detailed below) was an amount of up to US\$6,000,000 subject to achieving certain milestones and paid in cash and Shares as follows, noting that to date Cash Components (i) and (ii) have been paid in full and the Share Portions (i) and (ii) have been previously issued:

Cash Component

- i. First cash payment: On 13 September 2017 the Company paid an amount of US\$550,000 to the MM Vendors together with the sum of US\$260,000 being the Patent Licence Fee payable to Massachusetts Institute of Technology.
- ii. Second cash payment: At Completion, the Company will pay an amount of US\$950,000 to the MM Vendors plus US\$200,000 to Massachusetts Institute of Technology, being the balance of the sum payable under the Exclusive Patent Licence Agreement.

Share Portion

- i. First share payment: On 31 August 2017 the Company issued 10,244,025 Shares to the MM Vendors at A\$0.04 per Share.
- ii. Second share payment: At Completion the Company issued to the MM Vendors an amount of Shares equal to dividing US\$2,674,322 (which shall be converted into Australian dollars using the exchange rate set forth in the East Coast Edition of the Wall Street Journal on the issue date) by a price that is at least 80% of the volume-weighted average market price of the Company's Shares calculated over the last five (5) days on which sales in the Shares were recorded before the day on which the issue is made (such date being the date of Completion).
- iii. Third share payment: As the relevant milestones were achieved within 9 months of Completion, the Company is now required to issue to the MM Vendors an amount of Shares equal to dividing US\$1,000,000 (which shall be converted into Australian dollars using the exchange rate set forth in the East Coast Edition of the Wall Street Journal on the Completion date, being \$0.7860) by \$0.062 being the volume-weighted average market price of the Company's Shares on the ASX for the ten (10) business days immediately preceding the date upon which the milestones were achieved, accordingly 20,520,397 shares are required to be issued to the MM Vendors.

Listing Rule 7.1 prohibits a company from issuing securities representing more than 15% of its issued capital in any 12-month period without security holder approval. Security holder approval is sought to issue the MM Milestone Shares referred to in Resolution 4 .

By approving the issue of the MM Milestone Shares, the issue will not diminish the 15% annual placement capacity of the Company. This will provide the Company with flexibility to issue further equity securities within the next 12 months up to the 15% annual placement capacity set out in Listing Rule 7.1 without the requirement to obtain prior shareholder approval. In the absence of such approval and subject to the passing of other resolutions at the General Meeting the Company may not have sufficient placement capacity to issue the MM Milestone Shares and accordingly would not be in a position to honor its contractual obligations to the MM Vendors.

(b) **Required Information**

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Listing Rule 7.3 requires that the following information be provided to Shareholders in respect of Resolution 4 for the purposes of providing an approval under Listing Rule 7.1:

Number of Shares to be issued:	20,520,397
Proposed date of Issue:	Within three (3) months of the date of approval of this resolution (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules).
Price at which the Shares are to be issued:	\$0.062
Terms of securities:	Fully paid ordinary shares which rank equally with the existing shares on issue
Persons to whom Shares are to be issued:	In equal proportions to the MM Vendors being Paul Bisso and Patrick Doyle
Intended use of funds raised:	No cash will be received as the MM Milestone Shares are issued in partial consideration for the MM Shares from the MM Vendors

(c) **Directors' Recommendation**

The Board recommends that Shareholders vote in favour of Resolution 4.

2.4 RESOLUTION 5: APPROVAL OF ISSUE OF PLACEMENT OPTIONS (90,910,251 Options)

As noted in the Company's announcement to the ASX on 29 August 2018, the Company has agreed, subject to Shareholder approval to issue 90,910,251 Placement Options to participants in the Placement (and/or their nominees) as free attaching Options issued on the basis of 1 Placement Option for each Placement Share. The Placement is the subject of Resolution 3.

The Placement Options will each be exercisable at \$0.025 within 18 months of issue. Further terms and conditions of the Placement Options are set out in Schedule 1.

Listing Rule 7.1 prohibits a company from issuing securities representing more than 15% of its issued capital in any 12 month period without security holder approval. Shareholder approval is sought to approve the issue of the 90,910,251 Options referred to in Resolution 5. The effect of such approval is that any such Options will not be counted as reducing the number of equity securities which the Company can issue without Shareholder approval under the limit imposed by Listing Rule 7.1.

(a) **Required information**

Listing Rule 7.3 requires that the following information be provided to Shareholders in respect of Resolution 5 for the purposes of providing an approval under Listing Rule 7.1.

Maximum number of Securities to be issued:	90,910,251 Placement Options
Proposed date of Issue:	All of the Placement Options will be issued no later than three months after the date of the General Meeting (or such later date

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	<p>to the extent permitted by any ASX waiver or modification of the ASX Listing Rules).</p> <p>It is expected that the Placement Options will be issued on the date immediately after approval by Shareholders for such issue.</p>
Price at which the Placement Options are to be issued:	Nil, they are free attaching Options issued on the basis of 1 Placement Option for each Placement Share.
Terms of securities:	<p>The Company intends to apply for official quotation of the Placement Options.</p> <p>Shares issued on exercise of the Placement Options will be fully paid ordinary shares which rank equally with the existing shares on issue.</p> <p>The terms of the Placement Options are set out in Schedule 1.</p>
Persons to whom securities are to be issued:	The Placement Options will be issued to participants in the Placement (and/or their nominees), being various sophisticated and professional investors who are not related parties of the Company.
Use of funds	Funds raised from the exercise of the options will be applied to the Company's working capital needs.

(b) **Directors' Recommendation**

The Board recommends that Shareholders vote in favour of Resolution 5.

2.5 RESOLUTION 6: APPROVAL OF ISSUE OF OPTIONS (7,637,000 Options)

Under Resolution 6, the Company seeks approval to issue and allot 7,637,000 Options in payment of a portion of the capital raising fee payable to Sanlam Private Wealth (**Sanlam**) in regard to the Placement. The Company agreed to pay Sanlam the following capital raising fees in relation to the Placement:

1. a success fee equal to 6% plus GST of the gross proceeds raised under the Placement;
2. corporate administration and DVP fee of \$10,000 plus GST; and
3. options to be issued to Sanlam's directed nominee being 14 million options in the same series as the placement options above at a deemed issue price of \$0.0001.

Listing Rule 7.1 prohibits a company from issuing securities representing more than 15% of its issued capital in any 12 month period without security holder approval. Security holder approval is sought to approve the issue of the 7,637,000 Options referred to in Resolution 6. The effect of such approval is that any such Options will not be counted as reducing the number of equity securities which the Company can issue without Shareholder approval under the limit imposed by Listing Rule 7.1.

(a) **Required information**

Listing Rule 7.3 requires that the following information be provided to Shareholders in respect of Resolution 6 for the purposes of providing an approval under Listing Rule 7.1.

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Maximum number of Options to be issued:	7,637,000 Options
Proposed date of Issue:	All of the Options will be issued no later than three months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules). It is expected that the Options will be issued on the date immediately after approval by Shareholders for such issue.
Price at which the Options are to be issued:	\$0.0001 per Option
Terms of securities:	The Company intends to apply for official quotation of the Options. Shares issued on exercise of the Options will be fully paid ordinary shares which rank equally with the existing shares on issue. The terms of the Options are set out in Schedule 1.
Persons to whom securities are to be issued:	Sanlam Private Wealth and/or its nominees
Use of funds	Funds raised from the issue of the Options will be applied to the Company's working capital. Funds raised from the exercise of the options will be applied to the Company's working capital needs.

(b) **Directors' Recommendation**

The Board recommends that Shareholders vote in favour of Resolution 6

2.6 RESOLUTION 7: APPROVAL FOR THE ISSUE OF 1,500,000 CONVERTIBLE NOTES

As announced on 29 August 2018, the Company agreed to issue convertible notes in the Company subject to shareholder approval. The notes will be issued to sophisticated investors (**Noteholders**) set out in the table below for the issue of an aggregate of \$1,500,000 secured convertible notes (**Convertible Notes**). The Convertible Notes will be issued immediately after the approval of this Resolution.

2.6.1

Noteholders	Convertible Notes
First Growth Funds Limited	\$495,000
DigitalX Limited	\$255,000
Blockchain Global Limited	\$750,000
Total	\$1,500,000

2.6.2

In the case of all Convertible Notes issued, no approval will be required for the conversion of those Convertible Notes into Shares by virtue of ASX Listing Rule 7.2 (exception 4).

2.6.3

The material terms of the Convertible Notes are as follows:

Security	The Convertible Notes are secured by a first ranking security interest over YPB and all of its assets.
Interest	The Convertible Notes will accrue interest on its face value daily at an interest rate of 10% per annum.
Maturity Date	22 October 2021.
Conversion by the Company	<ul style="list-style-type: none"> N/A
Conversion by Noteholders	The Noteholders may elect, by issuing a conversion notice to the Company, to convert the Convertible Notes on or prior to the Maturity Date. The Convertible Notes will be convertible into Shares together with 1 Option per Share, the exercise price of which will be \$0.025 with an exercise date of 18 months from the date of issue.
Conversion price	The face value of, and interest accrued on, each Convertible Note is convertible into Shares, at a conversion price equal to the lower of \$0.018 or a 50% discount to the price at which YPB Shares were subscribed for pursuant to the most recent capital raising of YPB (but not including the equity raising the subject of Resolution 3 of this Notice of Meeting), provided the deemed price is not lower than \$0.009.
Redemption	The Company may, by the Maturity Date make an election to redeem all of the Convertible Notes by providing the Noteholder with notice in writing.
Conversion after Maturity Date	If the Convertible Notes have not been redeemed or converted by the Maturity Date, the Company must within 10 business days after the Maturity Date, redeem the Convertible Notes and repay the face value of the Convertible Notes together with any outstanding interest.
Conversion shares	The Shares issued on conversion of the Convertible Notes will rank equally in all respects with all Shares in the Company.
Conversion options	The Options issued on conversion of the Convertible Notes are on those terms set out at Schedule 1 except that, although the Options will be transferable, the Company will not be applying for quotation of the Options.

The number of Shares and Options that may be issued upon conversion of the Convertible Notes (if the Noteholders elect to convert the Convertible Notes into Shares and Options) is unknown at present because the conversion price of the Convertible Notes to determine the number of Shares to be issued is to be calculated based on the lower of \$0.018 or a 50% discount to the price at which YPB Shares were subscribed for pursuant to the most recent capital raising of YPB preceding the date of conversion (not including the equity placement the subject of Resolution 3 of this Notice of Meeting) provide that the deemed price is no lower than \$0.009. There will be one free attaching Option for each conversion Share. Set out below in table 2.6.4 are examples of different scenarios, assuming that the face value of all Convertible Notes, being \$1,500,000 (excluding the amount of any

NOTICE OF GENERAL MEETING

interest accrued on the Convertible Notes) are converted on the Maturity Date. However the maximum number of securities to be issued in respect of the principal component excluding interest, is 166,666,667 Shares based on a floor price of \$0.009 and 166,666,667 free attaching Options.

2.6.4

Assumed Price	Number of Conversion Shares	Number of Conversion Options
\$0.018	83,333,333	83,333,333
\$0.012	125,000,000	125,000,000
\$0.009	166,666,667	166,666,667

2.6.5

Information required by ASX Listing Rule 7.3

- (1) the number of Convertible Notes to be issued is 1,500,000. The maximum number of Shares and Options to be issued upon conversion of the Convertible Notes in respect of the principal component excluding interest, will be 166,666,667 Shares based on a floor price of \$0.009 and 166,666,667 free attaching Options. See section 2.6.4 above for the number of Shares that could be issued on conversion if the price is above the floor price of \$0.009;
- (2) the Convertible Notes will be issued immediately following the General Meeting (assuming shareholder approval to Resolution 7 is obtained). Shares and Options will be issued pursuant to conversion of the Convertible Notes as and when a conversion notice is served by the Noteholders (see above section 2.6.3) for which the Company will rely on ASX Listing Rule 7.2 (exception 4) to issue those Shares and Options;
- (3) the issue price for each Convertible Note will be equal to its face value, being \$1.00. The Shares will be issued at a price being equal to the lower of \$0.018 or a 50% discount to the price at which YPB Shares were subscribed for pursuant to the most recent capital raising of YPB preceding the date of conversion (not including the equity placement the subject of Resolution 3 of this Notice of Meeting) provided that the deemed price is no lower than \$0.009, prior to the date of a conversion notice. The Options freely attach to each converted Share.
- (4) the Convertible Notes will be issued to the parties set out section 2.6.1 above;
- (5) the terms of the Convertible Notes are set out above in section 2.6.3;
- (6) funds raised from the Convertible Notes will be used as operational and working capital for the Company and the cost of issuing Tokens; and
- (7) a voting exclusion statement is included in this Notice of Meeting.

Robert Whitton
Company Secretary

3. GLOSSARY

ASX means ASX Limited.

A\$ means Australian Dollars.

Board means the board of directors of the Company.

Chairman means the chair of the General Meeting.

Company or YPB means YPB Group Limited (ACN 108 649 421).

Completion means completion of the acquisition of the MM Shares.

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors mean the current directors of the Company.

Explanatory Memorandum means the explanatory memorandum accompanying the Notice.

General Meeting means the meeting convened by the Notice.

Listing Rule means a Listing Rules of ASX.

Loan is defined in section 2.1(a).

MM means Motif Micro Inc.

MM Milestone Shares is defined in section 2.6(a).

MM Shares are defined in section 2.3(a).

MM Vendors are defined in section 2.3(a).

Notice means the notice of meeting accompanying this Explanatory Memorandum.

Option means an option to subscribe for a Share.

Placement means the placement of \$1,500,000 in convertible notes and a further \$1,620,000 in equity in Securities, as announced by the Company on 29 August 2018.

Placement Options means the Options as described in section 2.4

Placement Shares means the shares the subject of Resolution 2.

Proxy Form means the proxy form for the General Meeting accompanying the Notice.

Resolution means a resolution propose to be passed at the General Meeting.

Securities means Shares and Options.

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

Shareholder means the holder of a Share.

Token means a token in the Company issued pursuant to the Company's intention to raise funds via the on-market sale the YPB Token (YPTs)

US\$ means United States Dollars

SCHEDULE 1 –OPTIONS TERMS AND CONDITIONS

- (a) *Each Option will entitle the Optionholder to subscribe for one Share in the Company (subject to possible adjustments referred to in paragraph (j), (k) and (l) below.*
- (b) *Each Option is exercisable at any time after the date of issue and before the expiry of 18 months (Expiry Date). Options not exercised before the Expiry Date will lapse.*
- (c) *The exercise price of each Option is \$0.025 (Exercise Price).*
- (d) *Options are exercisable by notice in writing to the Company, delivered to the registered address of the Company and accompanied by the full payment of the Exercise Price in cleared funds.*
- (e) *Some or all of the Options may be exercised at any one time or times prior to the Expiry Date, provided that at least 100,000 Options are exercised each time.*
- (f) *Shares issued pursuant to the exercise of any of the Options will rank in all respects on equal terms with the existing Shares. The Company will seek to have the Shares issued on exercise of the Options admitted to the official list of ASX.*
- (g) *The Company will apply for quotation of the Options and the Options will be listed on ASX subject to ASX approval.*
- (h) *Subject to applicable law, the ASX Listing Rules and the ASX Settlement Operating Rules, each Option will be freely transferable at any time before the Expiry Date.*
- (i) *Options will not entitle the Optionholder to participate in any new issue of securities by the Company unless the Option has been duly exercised prior to the relevant record date. The Company will ensure that for the purposes of determining entitlements to participate in any new issues of securities to holders of Shares, that the record date will be in accordance with the ASX Listing Rules and timetables.*
- (j) *If there is a bonus issue to the holders of Shares:*
 - (i) *the number of Shares over which the Option is exercisable will be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date of the bonus issue; and*
 - (ii) *no change will be made to the exercise price.*
- (k) *If, prior to the Expiry Date, the issued capital of the Company is reconstructed (including consolidation, subdivision, reduction of return), the rights of the Optionholder will be varied to the extent necessary to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction.*
- (l) *The exercise price and the one-for-one exercise ratio are fixed for the life of the Options subject to reconstruction under (k), the ASX Listing Rules and the Corporations Act.*



All Correspondence to:

- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia
- 📠 **By Fax:** +61 2 9290 9655
- 💻 **Online:** www.boardroomlimited.com.au
- ☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 11:00am (AEDT) on Sunday 28 October 2018**

🖥 TO VOTE ONLINE

- STEP 1: VISIT** <https://www.votingonline.com.au/ypbgmctober2018>
- STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)**
- STEP 3: Enter your Voting Access Code (VAC):**

📱 BY SMARTPHONE



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities 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.
- return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

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

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **11:00am (AEDT) on Sunday 28 October 2018**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

- 🖥 **Online** <https://www.votingonline.com.au/ypbgmctober2018>
- 📠 **By Fax** + 61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia
- 👤 **In Person** Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **YPB Group Limited** (Company) and entitled to attend and vote hereby appoint:

the **Chair of the Meeting (mark box)**

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the General Meeting of the Company to be held at **Level 29, 66 Goulburn Street, Sydney, NSW, 2000 on Tuesday 30 October 2018 at 11.00am (AEDT)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

The Chair of the Meeting intends to vote undirected proxies in favour of each of the items of business.

STEP 2 VOTING DIRECTIONS
* 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 vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	Approval of Director's Conversion of Unsecured Loan to The Company to Ordinary Shares and Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Ratification of Prior Issue of Shares (90,910,251 Shares)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of Prior Issue of Shares and Options (3,800,000 Shares and 3,800,000 Options)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of Issue of New Shares to Motif Micro Vendors (20,520,397 Shares)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval to Issue Placement Options (90,910,251 Options)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval to Issue Options (7,637,000 Options)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval to Issue Convertible Notes (1,500,000 Convertible Notes)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SECURITYHOLDERS
This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2018