
TEMPO AUSTRALIA LIMITED

ACN 000 689 725

NOTICE OF GENERAL MEETING

TIME: 10:00am

DATE: 11 December 2014

PLACE: BDO Building
Ground Level
38 Station Street,
Subiaco, Western Australia

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

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 1300 483 676

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IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at 10:00am on 11 December 2014 at:

BDO Building
Ground Level
38 Station Street
Subiaco, Western Australia

Your vote is important

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

Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4.00pm (WST) on 9 December 2014.

Voting in person

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

Voting by proxy

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

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

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

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and

- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

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

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

Transfer of non-chair proxy to chair in certain circumstances

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

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

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

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – ISSUE OF SHARES TO RELATED PARTY

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

"That, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 21,052,632 Shares to Bontempo Nominees Pty Ltd (or its nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Bontempo Nominees Pty Ltd (or its nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

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

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

However, the above prohibition does not apply if:

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

Dated: 31 October 2014

By order of the Board



Michael West
Director and Company Secretary

EXPLANATORY STATEMENT

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

1.1 RESOLUTION 1 – ISSUE OF SHARES TO RELATED PARTY

1.2 Background

On 17 October 2014 the Company announced that it had entered into a convertible loan agreement for \$1,200,000 with Bontempo Nominees Pty Ltd (**Related Party**), a related entity of the Company's Executive Chairman and Director, Carmelo Bontempo (**Convertible Loan Agreement**).

Pursuant to the Convertible Loan Agreement, the Related Party has provided the Company with a loan facility of \$1,200,000 for the purpose of providing working capital flexibility to the Company and supporting the application for new tender and work opportunities for the Company. The Convertible Loan Agreement provides that the loan will be converted into Shares in the Company, subject to the approval of the Company's Shareholders. Where Shareholders do not approve the conversion of the loan, those funds will be repayable by the Company to the Related Party by 28 February 2015.

The Company has agreed to issue the Shares at a deemed issue price of 5.7 cents per Shares, equating to 21,052,632 Shares (**Related Party Shares**). The issue of these Related Party Shares will increase the voting power of the Related Party to 19.97% in the Company.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Related Party Shares constitutes giving a financial benefit Bontempo Nominees Pty Ltd which is a related party of the Company by virtue of being an entity associated with Carmelo Bontempo, a Director.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Related Party Shares to the Related Party.

1.3 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Related Party Shares:

- (a) the related party is Bontempo Nominees Pty Ltd and it is a related party by virtue of being an entity associated with Carmelo Bontempo, a Director.
- (b) the maximum number of Related Party Shares (being the nature of the financial benefit being provided) to be granted to the Related Party is 21,052,632 Related Party Shares to the Related Party;
- (c) the Related Party Shares will be granted to the Related Party Ltd no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Related Party Shares will be issued on one date;
- (d) the Related Party Shares will be issued for the conversion of the \$1,200,000 loan provided by the Related Party to the Company, at a deemed issue price of 5.7 cents per Related Party Share, which is calculated by dividing the amount of the loan by the number of Related Party Shares to be issued. The issue price represents the price of the Company's Shares trading on ASX on the day prior to the day the Company entered into the Converting Loan Agreement;
- (e) the Company will not receive any funds upon the issue of the Related Party Shares as they are being issued in consideration for the conversion of the loan funds already provided to the Company by the Related Party;
- (f) the funds originally supplied by the Loan are being used by the Company to provide additional working capital flexibility and support the pursuit of new tender and work opportunities;
- (g) the Related Party Shares will be issued on the same terms and conditions as the fully paid ordinary Shares of the Company;
- (h) the relevant interests of Bontempo Nominees Pty Ltd in securities of the Company are set out below:

Related Party	Shares	Options
Bontempo Nominees Pty Ltd	17,750,000	Nil
Other Related entities	219,000	Nil

- (i) Bontempo Nominees Pty Ltd is a related entity of the Company's Executive Chairman and Director, Carmelo Bontempo. The remuneration and emoluments from the Company to Carmelo Bontempo for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

	Current Financial Year	Previous Financial Year
Carmelo Bontempo	\$15,000	\$35,333

- (j) the Company propose to issue a total of 21,052,632 Related Party Shares. This will increase the number of Shares on issue from 174,387,427 to 195,440,059 (assuming that no Options are exercised) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 10.77%.

If the Loan is converted into Shares at a conversion price that is less than the price of Shares that are currently trading on ASX, there may be a perceived cost to the Company.

The Board resolved to issue the Related Party Shares, subject to Shareholder approval, on the terms and conditions set out in this Notice at a time when the Shares were trading on ASX at a price on or around the conversion price of the Loan, but Shareholder approval has not been able to be obtained until this Meeting. The Board resolved to issue those Related Party Shares to the Related Party when the previous closing price of Shares on ASX was 5.7 cents; and

- (k) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	11.5 cents	8 July 2014
Lowest	2.9 cents	9 January 2014
Last	5.1 cents	31 October 2014

- (l) the primary purpose of the grant of the Related Party Shares to the Related Party is to convert the loan funds provided by the Related Party, which is a debt owing by the Company, to equity, thereby reducing the Company's debt. The loan funds have been provided at a time when the Company needed to secure such funds for the purpose of providing it with the working capital flexibility at a time when it has continued to tender and bid for new work in accordance with its stated business objectives;
- (m) Carmelo Bontempo declines to make a recommendation to Shareholders in relation to Resolution 1 due to his material personal interest in the outcome of the Resolution on the basis that the Related Party, a related entity of Mr Bontempo, is to be granted Related Party Shares in the Company should Resolution 1 be passed.
- (n) The Directors, other than Carmelo Bontempo recommends that Shareholders vote in favour of Resolutions 1 for the reasons set out below:
- (i) the grant of Related Party Shares to the Related Party will align the interests of the Related Party with those of Shareholders;
 - (ii) the grant of the Related Party Shares will also extinguish the liability of the Company to repay the loan debt to the Related Party at 28 February 2014;
 - (iii) the grant of the Related Party Shares is a reasonable and appropriate method to provide cost effective consideration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of consideration were used to service the loan; and

- (iv) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Related Party Shares upon the terms proposed;
- (o) with the exception of Carmelo Bontempo no other Director has a personal interest in the outcome of Resolution 1;
- (p) in forming their recommendations, each Director considered the current market price of Shares, the current market practices when determining the number of Related Party Shares to be granted as well as the conversion price of the Loan; and
- (q) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 1.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Shares to Bontempo Nominees Pty Ltd as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Related Party Shares to Bontempo Nominees Pty Ltd will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

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

Chair means the chair of the Meeting.

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

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

Company means Tempo Australia Limited (ACN 000 689 725).

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

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

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

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

Proxy Form means the proxy form accompanying the Notice.

Related Party Share means a fully paid ordinary share in the capital of the Company granted pursuant to Resolution 1.

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

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

Shareholder means a registered holder of a Share.

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

PROXY FORM

TEMPO AUSTRALIA LIMITED
ACN 000 689 725

GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

OR: ☐ the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 10:00AM, on 11 December 2014 at BDO Building, Ground Floor, 38 Station Street, Subiaco, WA 6008, and at any adjournment thereof.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolution 1. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

Voting on business of the Meeting

Resolution 1 Issue of Shares Related Party

FOR

☐

AGAINST

☐

ABSTAIN

☐

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: _____ %

Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date:

Contact name: _____

Contact ph (daytime): _____

E-mail address: _____

Consent for contact by e-mail
in relation to this Proxy Form:

YES ☐ NO ☐

Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
 - **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
 - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (b) post to Tempo Australia Limited, PO Box 8075, Subiaco East, WA 6008; or
 - (c) facsimile to the Company on facsimile number +61 8 9388 1892; or
 - (d) email to the Company at info@tempoaustralia.com,so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.