
CLEARVUE TECHNOLOGIES LIMITED**ACN 071 397 487****NOTICE OF GENERAL MEETING**

Notice is given that the Meeting will be held at:

TIME: 9:30 am WST

DATE: 16 January 2018

PLACE: Ground Floor, 16 Ord Street, West Perth WA 6005

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

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.

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 9:30 am (WST) on 14 January 2018.

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2017 together with the declaration of the directors, the director's report, the remuneration report and the auditor's report.

2. RESOLUTION 1 – RE-ELECTION OF DIRECTOR – SEAN ROSENBERG

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

"That, for the purpose of clause 14.2 of the Constitution and for all other purposes, Mr Sean Rosenberg, a Director, retires by rotation, and being eligible, is re-elected as a Director."

3. RESOLUTION 2 – ISSUE OF PERFORMANCE SHARES TO VICTOR ROSENBERG

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 and for all other purposes, approval is given for the Company to issue 10,000,000 Performance Shares to Victor Rosenberg (or his nominee) on the terms and conditions set out in the Explanatory Statement."

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.

Provided the Chair is not Victor Rosenberg (or his nominee) or any of his associates, 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.

4. RESOLUTION 3 – ISSUE OF PERFORMANCE SHARES TO JAMIE LYFORD

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 and for all other purposes, approval is given for the Company to issue 3,000,000 Performance Shares to Jamie Lyford (or his nominee) on the terms and conditions set out in the Explanatory Statement."

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.

Provided the Chair is not Jamie Lyford (or his nominee) or any of his associates, 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: 21 December 2017

By order of the Board



Brett Tucker
Company Secretary

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.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9482 0500.

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. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2017 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.clearvuepv.com.

2. RESOLUTION 1 – RE-ELECTION OF DIRECTOR – SEAN ROSENBERG

2.1 General

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

Clause 14.2 of the Constitution requires that at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third, shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

Mr Sean Rosenberg, who has served as a director since 14 June 2009, retires by rotation and seeks re-election.

2.2 Qualifications and other material directorships

Sean Rosenberg B.Com., ICAA

Mr Sean Rosenberg is a member of the institute of Chartered Accountants in Australia, with over 10 years' professional experience in finance, auditing and accounting of listed entities. He has 15 years' experience in business as both a director and owner of a company involved in the import, export and wholesale of optical and sunglass products. Sean's business experience includes product development and sourcing in Asia and Europe, management of national sales teams and business financing.

Mr Sean Rosenberg is presently not a director of any other ASX-listed company.

Mr Sean Rosenberg has not been the subject of any legal or disciplinary action, nor has he been an officer of any company that has entered into a form of external administration because of insolvency during his tenure as an officer.

2.3 Independence

If elected the board considers Mr Rosenberg will be an independent director.

2.4 Board recommendation

The Board supports the re-election of Mr Rosenberg and recommends that Shareholders vote in favour of Resolution 1.

3. RESOLUTIONS 2 AND 3 – ISSUE OF PERFORMANCE SHARES TO VICTOR ROSENBERG AND JAMIE LYFORD

3.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 13,000,000 Performance Shares (**Related Party Performance Shares**) to Messrs Rosenberg and Lyford (**Related Parties**) on the terms and conditions set out below.

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

- (a) obtain the approval of the 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 primary purpose of the issue of the Related Party Performance Shares to the Related Parties is to provide a performance linked incentive component in the remuneration package for the Related Parties to motivate and reward the performance of the Related Parties in their respective roles as Directors.

The issue of the Related Party Performance Shares constitutes giving a financial benefit and Messrs Rosenberg and Lyford are related parties of the Company by virtue of being Directors.

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 Options to the Related Parties.

3.2 Shareholder Approval (Chapter 2E of the Corporations Act)

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act, the following information is provided in relation to the proposed issue of Related Party Performance Shares:

- (a) the related parties are Messrs Rosenberg and Lyford and they are related parties by virtue of being Directors;
- (b) the maximum number of Related Party Performance Shares (being the nature of the financial benefit being provided) to be issued to the Related Parties is:
 - (i) 10,000,000 Related Party Performance Shares (comprising 1,000,000 Class A Performance Shares, 3,000,000 Class B Performance Shares and 6,000,000 Class C Performance Shares) to Victor Rosenberg; and

- (ii) 3,000,000 Related Party Performance Shares (comprising 1,000,000 Class D Performance Shares, 1,000,000 Class E Performance Shares and 1,000,000 Class F Performance Shares) to Jamie Lyford; and
- (c) the Related Party Performance Shares will be issued to the Related Parties no later than 1 month after the date of the Meeting and it is anticipated the Related Party Performance Shares will be issued on one date;
- (d) the Related Party Performance Shares will be issued for nil cash consideration, accordingly no funds will be raised;
- (e) the terms and conditions of the Related Party Performance Shares are set out in Schedule 1;
- (f) the value of the Related Party Performance Shares and the pricing methodology is set out in Schedule 2;
- (g) the relevant interests of the Related Parties in securities of the Company are set out below:

Related Party	Shares	Options
Victor Rosenberg ¹	22,660,099	22,660,099 ³
Jamie Lyford ²	3,550,000	3,550,000 ³

¹ 19,513,593 Shares and 19,513,593 Options are held by Luminate Pty Ltd, a company controlled by Victor Rosenberg, and 3,146,506 Shares and 3,146,506 Options are held by Victor Rosenberg directly.

² 3,550,000 Shares and 3,550,000 Options are held by Elevation Ventures Pty Ltd as trustee of a trust for which Mr Lyford is a beneficiary.

³ The Options are exercisable at \$0.25 each on or before 21 June 2021.

- (h) the remuneration and emoluments from the Company to the Related Parties for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	Current Financial Year	Previous Financial Year
Victor Rosenberg	\$200,000	\$199,000
Jamie Lyford ¹	\$170,000	Nil

¹ Appointed on 27 January 2017.

- (i) if the Related Party Performance Shares issued to the Related Parties convert, a total of 13,000,000 Shares would be issued. This will increase the number of Shares on issue from 65,595,524 to 78,595,524 (assuming that no Options are exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 16.54%, comprising 12.72% by Victor Rosenberg and 3.82% by Jamie Lyford.
- (j) Victor Rosenberg declines to make a recommendation to Shareholders in relation to Resolution 2 due to his material personal interest in the outcome of the Resolution on the basis that he is to be issued Related

Party Performance Shares in the Company should Resolution 2 be passed. However, in respect of Resolution 2, he recommends that Shareholders vote in favour of the Resolution for the following reasons:

- (i) the issue of Related Party Performance Shares to Mr Lyford, in particular, the vesting conditions of the Related Party Performance Shares, will align the interests of Mr Lyford with those of Shareholders;
 - (ii) the issue of the Related Party Performance Shares is a reasonable and appropriate method to provide cost effective remuneration 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 remuneration were given to Mr Lyford; and
 - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Related Party Performance Shares upon the terms proposed;
- (k) Jamie Lyford declines to make a recommendation to Shareholders in relation to Resolution 3 due to his material personal interest in the outcome of the Resolution on the basis that he is to be issued Related Party Performance Shares in the Company should Resolution 3 be passed. However, in respect of Resolution 2 he recommends that Shareholders vote in favour of the Resolution for the reasons set out in paragraph (j);
- (l) with the exception of Victor Rosenberg, no other Director has a personal interest in the outcome of Resolution 2;
- (m) with the exception of Jamie Lyford, no other Director has a personal interest in the outcome of Resolution 3;
- (n) in forming their recommendations, each Director considered the experience of the other Related Party, the current market price of Shares, the current market practices when determining the number of Related Party Performance Shares to be issued as well as the vesting conditions and milestones of those Related Party Performance Shares; and
- (o) 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 Resolutions 2 and 3.

GLOSSARY

\$ means Australian dollars.

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 Clearvue Technologies Limited (ACN 071 397 487).

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.

Option means an option to acquire a Share.

Proxy Form means the proxy form accompanying the Notice.

Related Party Performance Share means a Performance Share issued pursuant to Resolutions 2 and 3 with the terms and conditions set out in Schedule 2.

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

Section means a section of the Explanatory Statement.

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.

SCHEDULE 1 – TERMS OF PERFORMANCE SHARES

The terms and conditions of the Performance Shares to be issued are summarised below.

Agreement means any license or other agreement appointing a new manufacturer, distributor or collaboration partner for the ClearVue Technology or ClearVue Products which has a value to the Company of at least \$100,000 or any agreement for the purchase of ClearVue Products which has a value to the Company of at least \$100,000.

ClearVue Orders means aggregate orders for ClearVue Products received by the Company and/or any licensees of the ClearVue Technology.

ClearVue Payments means the amount of fees and royalties received by the Company from licensees of the ClearVue Technology.

ClearVue Products means products comprising or employing all or a part of the ClearVue Technology.

ClearVue Technology means the technology portfolio owned by the Company, including pending, current, and future provisional patent/s, patent/s and design protection registrations.

Rights attaching to the Performance Shares

- (a) **Performance Shares:** Each Performance Share is a Share in the capital of the Company.
- (b) **General meetings:** Each Performance Share confers on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to ordinary shareholders. Holders have the right to attend general meetings of shareholders.
- (c) **(No voting rights):** A Performance Share does not entitle the Holder to vote on any resolutions proposed by the Company except as otherwise required by law.
- (d) **(No dividend rights):** A Performance Share does not entitle the Holder to any dividends.
- (e) **(No rights to return of capital):** A Performance Share does not entitle the Holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
- (f) **(Rights on winding up):** A Performance Share does not entitle the Holder to participate in the surplus profits or assets of the Company upon winding up.
- (g) **(Not transferable):** A Performance Share is not transferable.
- (h) **(Reorganisation of capital):** If at any time the issued capital of the Company is reconstructed, all rights of a Holder will be changed in a manner consistent with the applicable ASX Listing Rules and the *Corporations Act 2001 (Cth)* at the time of reorganisation.
- (i) **(Application to ASX):** The Performance Shares will not be quoted on the ASX. However, if the Company is listed on ASX at the time of conversion of the Performance Shares into Shares, the Company must apply for the official quotation of a Share issued on conversion of a Performance Share on ASX within the time period required by the ASX Listing Rules.

- (j) **(Participation in entitlements and bonus issues):** A Performance Share does not entitle a Holder (in their capacity as a holder of a Performance Share) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
- (k) **(No other rights):** A Performance Share gives the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

Conversion of the Performance Shares

- (a) **(Milestones):** Subject to paragraph (e), the Performance Shares in the relevant class will convert into Shares upon satisfaction of the milestones as follows:

- (i) **Class A Performance Shares:**

- (A) In the event that the aggregate of the value of the ClearVue Orders and the ClearVue Payments is equal to or greater than \$2,000,000 within a period of 24 months commencing on the date the Company is admitted to the Official List (**Listing Date**) (**Class A Milestone 1**), each Class A Performance Share will convert into one fully paid ordinary share in the Company (**Share**); or
- (B) In the event that Class A Milestone 1 is not satisfied but the aggregate of the value of the ClearVue Orders and the ClearVue Payments is equal to or greater than \$7,000,000 within a period of 36 months from the Listing Date (**Class A Milestone 2**), each Class A Performance Share will convert into one Share; or
- (C) In the event that neither Class A Milestone 1 or Class A Milestone 2 is satisfied but the aggregate of the value of the ClearVue Orders and the ClearVue Payments is equal to or greater than \$17,000,000 within a period of 48 months from the Listing Date, each Class A Performance Share will convert into one Share.

- (ii) **Class B Performance Shares:**

- (A) In the event that the aggregate of the value of the ClearVue Orders and the ClearVue Payments is equal to or greater than \$5,000,000 within a period of 24-36 months from the Listing Date (**Class B Milestone 1**), each Class B Performance Share will convert into one Share; or
- (B) In the event that Class B Milestone 1 is not satisfied but the aggregate of the value of the ClearVue Orders and the ClearVue Payments is equal to or greater than \$7,000,000 within a period of 36 months from the Listing Date (**Class B Milestone 2**), each Class B Performance Share will convert into one Share; or
- (C) In the event that neither Class B Milestone 1 or Class B Milestone 2 is satisfied but the aggregate of the value of the ClearVue Orders and the ClearVue Payments is equal to or greater than \$17,000,000 within a period of 48 months from the Listing Date, each Class B Performance Share will convert into one Share.

- (iii) **Class C Performance Shares:**
- (A) In the event that the aggregate of the value of the ClearVue Orders and the ClearVue Payments is equal to or greater than \$10,000,000 within a period of 36-48 months from the Listing Date (**Class C Milestone 1**), each Class C Performance Share will convert into one Share; or
 - (B) In the event that Class C Milestone 1 is not satisfied but the aggregate of the value of the ClearVue Orders and the ClearVue Payments is equal to or greater than \$17,000,000 within a period of 48 months from the Listing Date, each Class C Performance Share will convert into one Share.
- (iv) **Class D Performance Shares:**
- (A) In the event the Company executes two Agreements within a period of 12 months from the Listing Date (**Class D Milestone 1**), each Class D Performance Share will convert into one Share; or
 - (B) In the event that the Class D Milestone 1 is not satisfied but the Company executes four Agreements within a period of 24 months from the Listing Date, each Class D Performance Share will convert into one Share (**Class D Milestone 2**); or
 - (C) In the event that the Class D Milestone 1 or the Class D Milestone 2 are not satisfied but the Company executes six Agreements within a period of 36 months from the Listing Date, each Class D Performance Share will convert into one Share.
- (v) **Class E Performance Shares:**
- (A) In the event the Company executes two Agreements within a period of 12-24 months from the Listing Date (**Class E Milestone 1**), each Class E Performance Share will convert into one Share; or
 - (B) In the event that Class E Milestone 1 is not satisfied but the Company executes four Agreements within a period of 24 months from the Listing Date, each Class E Performance Share will convert into one Share (**Class E Milestone 2**); or
 - (C) In the event that the Class E Milestone 1 or the Class E Milestone 2 are not satisfied but the Company executes six Agreements within a period of 36 months from the Listing Date, each Class E Performance Share will convert into one Share.
- (vi) **Class F Performance Shares:**
- (A) In the event the Company executes two Agreements within a period of 24-36 months from the Listing Date (**Class F Milestone 1**), each Class F Performance Share will convert into one Share; or
 - (B) In the event that Class F Milestone 1 is not satisfied but the Company executes six Agreements within a period of 36 months from the Listing Date, each Class F Performance Share will convert into one Share.

- (b) **(Conversion on change of control):** Subject to paragraph (e) and notwithstanding the relevant milestone has not been satisfied, upon the occurrence of either:
- (i) a takeover bid under Chapter 6 of the Corporations Act 2001 (Cth) having been made in respect of the Company having received acceptances for more than 50% of the Company's Shares on issue and being declared unconditional by the bidder; or
 - (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

the Performance Shares shall automatically convert into Shares, provided that if the number of Shares that would be issued upon such conversion is greater than 10% of the Company's Shares on issue as at the date of conversion, then that number of Performance Shares that is equal to 10% of the Company's Shares on issue as at the date of conversion under this paragraph will automatically convert into an equivalent number of Company Shares. The conversion will be completed on a pro rata basis across each class of Performance Shares then on issue as well as on a pro rata basis for each Holder. Performance Shares that are not converted into Shares under this paragraph will continue to be held by the Holders on the same terms and conditions.

- (c) **(Deferral of conversion if resulting in a prohibited acquisition of Shares):** If the conversion of a Performance Share under paragraphs (b) or (c) would result in any person being in contravention of section 606(1) of the Corporations Act **(General Prohibition)** then the conversion of that Performance Share shall be deferred until such later time or times (but no later than 5 years from the date of issue of such Performance Share) that the conversion would not result in a contravention of the General Prohibition. In assessing whether a conversion of a Performance Share would result in a contravention of the General Prohibition:
- (i) Upon receipt of a Conversion Notice, the Company is entitled to assume the conversion of a Performance Share will not result in any person being in contravention of the General Prohibition.
 - (ii) The Company may (but is not obliged to) by written notice to a Holder request a Holder to provide confirmation of that a Conversion Notice will not result in a contravention of the General Prohibition within seven days if the Company considers that such a contravention is possible. The absence of such written notification from the Holder will entitle the Company to assume the conversion of a Performance Share will not result in any person being in contravention of the General Prohibition.
- (d) **(Lapse of Performance Share):** Each Class A Performance Share, Class B Performance Share, Class C Performance Share, Class D Performance Share, Class E Performance Share and Class F Performance Share shall expire on the relevant date specified in paragraph (a) above **(Expiry Date)** if a relevant milestone attached to that Performance Share has not been achieved, at which time the Company will redeem the relevant Performance Shares in accordance with paragraph (g) below. For the avoidance of doubt, a Performance Share will not lapse in the event a relevant milestone is met before the relevant Expiry Date and the Shares the subject of a conversion are deferred in accordance with paragraph (d) above.

- (e) **(Redemption if Milestone not achieved)**: If the relevant milestone is not achieved by the relevant Expiry Date, then each Performance Share in the relevant class will be automatically redeemed by the Company for the sum of \$0.00001 within 10 Business Days of that Expiry Date.
- (f) **(Issue of Shares)**: The Company will issue the Share on conversion of a Performance Share within 10 Business Days following the conversion or such other period required by the ASX Listing Rules.
- (g) **(Holding statement)**: The Company will issue the Holder with a new holding statement for any Share issued upon conversion of a Performance Share within 10 Business Days following the issue of the Share.
- (h) **(Ranking upon conversion)**: The Share into which a Performance Share may convert will rank pari passu in all respects with existing Shares.

**SCHEDULE 2 – VALUATION OF RELATED PARTY PERFORMANCE
SHARES**



CLEARVUE TECHNOLOGIES LIMITED

Performance Shares valuation

December 2017

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DEFINITIONS OF TERMS

The following definitions apply throughout this document unless the context requires otherwise:

Term	Definition
AASB	Australian Accountings Standard Board, issuer of accounting standards under the Act
APES 225	Australian Professional Ethical Standard 225 – Valuation services
Act	Corporation Act, 2001
ASX	Australian Securities Exchange
Board or Directors	The Board of Directors of the Company
The Company	ClearVue Technologies Limited
ClearVue	The Company
Hoadley	Hoadley Trading & Investment Tools (www.hoadley.net)
Management or Directors	The directors and key management personnel of the Company
Performance Shares	Performance shares proposed to be granted by the Company
RBA	Reserve Bank of Australia
RSM, us, we	RSM Australia Pty Ltd
S&P Capital IQ	Standard and Poor's Capital IQ database
Shareholders	The Shareholders of the Company
Valuation Date	15 December 2017



15 December 2017

Mr Ivan Wu
ClearVue Technologies Limited
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Valuation of performance shares

Dear Mr Wu,

We have pleasure in presenting our report, the purpose of which is to provide ClearVue Technologies Limited ("ClearVue" or the "Company") with our opinion as to the indicative fair value of Performance Shares as at the date of this report.

We understand the Performance Shares valuation is required for disclosure in a Notice of Meeting of the Company.

Should you have any queries in relation to our report, or the valuation opinions contained herewith, please do not hesitate to contact me on 08 9261 9447.

Yours sincerely,

A handwritten signature in black ink that reads 'Andrew Gilmour'.

A J GILMOUR
Director

RSM Australia Pty Ltd

1. INTRODUCTION

Terms of reference

In accordance with your instructions, we have performed an assessment of the indicative fair value of the Performance Shares in accordance with AASB 2, which were issued on the Valuation Date.

For the purposes of this report “fair value” is defined as:

“The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.”

We understand the valuation is required for accounting purposes.

Nature of the assignment

This valuation engagement is an Indicative Valuation Engagement in accordance with APES 225 – *Valuation Services*. The valuation is indicative only as the Performance Shares are not yet granted and the valuation is subject to change based on inputs and assumptions relevant at the ultimate grant date.

This valuation has been undertaken by Andy Gilmour, a director of the Corporate Finance Division of RSM Australia, acting independently. Andy Gilmour has extensive experience in providing valuations of businesses, shares and other equities. A brief resume is set out at Appendix A to this report.

The fee to be paid to RSM Australia for this valuation assignment is not contingent on the conclusion, content or future use of this valuation report.

Use of report

Our report is prepared solely for the confidential use of the Company, and solely for disclosure in a Notice of Meeting of the Company. The valuation provided in this report should not be relied on by any other party or for any other purpose, including financial reporting purposes.

Disclaimer

The statements and opinions given in this report are given in good faith and in the belief that such statements and opinions are not false or misleading. In preparing this report we have relied upon information supplied by the Company, which we believe to be accurate and reliable. We have not, in preparing this report, independently verified the correctness, existence or value of any item, which is, or should be, in such information. We do not have any reason to believe that any material facts have been withheld from us, nor do we warrant that our investigation has revealed all of the matters which an audit or more extensive examination might disclose. Although the report and opinions expressed herein are based on information supplied to us, we believe the report and opinions to be accurate. However, for the above reasons, we do not warrant the accuracy or reliability of either the information supplied to us or the conclusion drawn there from.

2. SCOPE OF VALUATION

Background

We understand that the Company is planning to issue Performance Shares to Management and requires shareholder approval of the Performance Shares at the Company's AGM.

The terms attached to the Performance Shares, including Management's assessment of the vesting probability of each milestone, is summarised in the tables below.

Table 1 Performance A Shares

Milestones	Valuation Date	Exercise price	Vesting probability	Expiry Date
Milestone 1	15-Dec-17	\$nil	65%	14-Dec-19
Milestone 2	15-Dec-17	\$nil	75%	14-Dec-20
Milestone 3	15-Dec-17	\$nil	85%	14-Dec-21

Source: Company

Table 2 Performance B Shares

Milestones	Valuation Date	Exercise price	Vesting probability	Expiry Date
Milestone 1	15-Dec-17	\$nil	65%	14-Dec-20
Milestone 2	15-Dec-17	\$nil	75%	14-Dec-20
Milestone 3	15-Dec-17	\$nil	85%	14-Dec-21

Source: Company

Table 3 Performance C Shares

Milestones	Valuation Date	Exercise price	Vesting probability	Expiry Date
Milestone 1	15-Dec-17	\$nil	75%	14-Dec-21
Milestone 2	15-Dec-17	\$nil	85%	14-Dec-21

Source: Company

Table 4 Performance D Shares

Milestones	Valuation Date	Exercise price	Vesting probability	Expiry Date
Milestone 1	15-Dec-17	\$nil	80%	14-Dec-18
Milestone 2	15-Dec-17	\$nil	85%	14-Dec-19
Milestone 3	15-Dec-17	\$nil	95%	14-Dec-20

Source: Company

Table 5 Performance E Shares

Milestones	Valuation Date	Exercise price	Vesting probability	Expiry Date
Milestone 1	15-Dec-17	\$nil	80%	14-Dec-19
Milestone 2	15-Dec-17	\$nil	85%	14-Dec-19
Milestone 3	15-Dec-17	\$nil	95%	14-Dec-20

Source: Company

Table 6 Performance F Shares

Milestones	Valuation Date	Exercise price	Vesting probability	Expiry Date
Milestone 1	15-Dec-17	\$nil	85%	14-Dec-20
Milestone 2	15-Dec-17	\$nil	95%	14-Dec-20

Source: Company

Scope of Valuation

The scope of the work performed in assessing the fair value of the Performance Shares has consisted of:

- An assessment of the fair value of the Performance Shares based on the above terms;
- Consideration of the future volatility of the Company's shares;
- Management's assessment of the vesting probability of each milestone; and
- Discussions with the Company Secretary.

3. VALUATION METHODOLOGY

Consideration of AASB 2

AASB 2 specifies the financial reporting requirements by an entity when it undertakes a share based payment transaction. In particular, it sets out the approach which the entity must follow in reporting in its profit and loss account any impact of any share based payment transaction.

For the purposes of AASB 2, a share based payment transaction is defined as a transaction in which an entity:

- (i) receives goods or services from the supplier of those goods and services (including an employee) in a share based payment arrangement; or
- (ii) incurs an obligation to settle the transaction with the supplier in a share based payment arrangement when another group entity receives those goods and services.

Further, a share based payment arrangement is defined as:

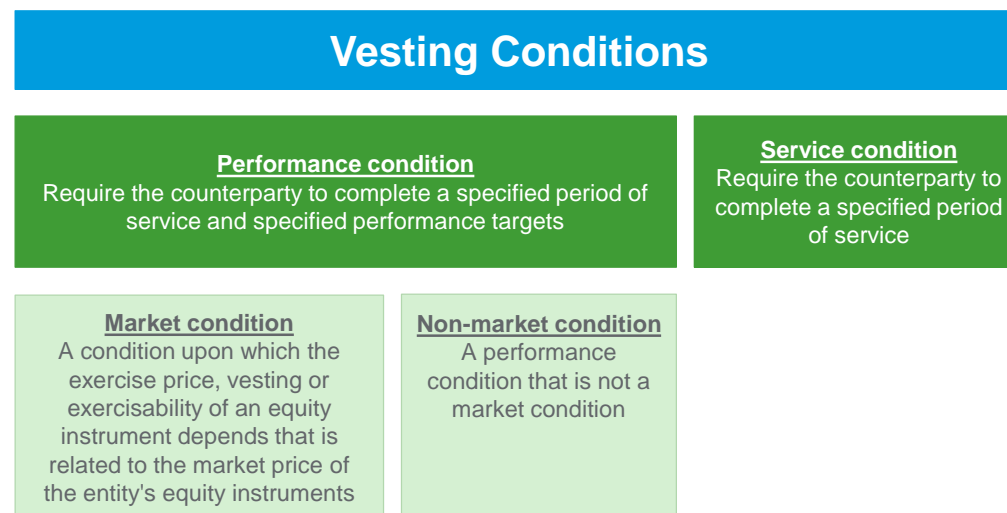
An agreement between an entity and another party (including an employee) that entitles the other party to receive:

- (i) cash or other assets of the entity for amounts that are based on the price (or value) of equity instruments (including shares or share options) of the entity or another group entity; or
- (ii) equity instruments (including shares or share options) of the entity or another group entity, provided the specified vesting conditions are met.

AASB 2 prescribes that vesting conditions are either 'service' conditions or 'performance' conditions and that performance conditions are further defined as 'market' conditions or 'non-market' conditions.

The features of each type of vesting condition, as set out in AASB 2, are summarised in the figure opposite.

Figure 1 AASB 2 vesting condition definitions



Determining the fair value of equity instruments granted

AASB 2 states that an entity shall measure the fair value of instruments granted as at the measurement (grant) date, based on market prices, if available, taking into account the terms and conditions upon which the instruments were granted.

Where market prices are not available, the entity must estimate the value of the instrument based upon a valuation technique to estimate the price the equity instruments would have been at the measurement date. The valuation technique should be consistent with generally accepted valuation methodologies and shall incorporate all factors and assumptions that a knowledgeable willing market participant would consider in setting the price.

Valuation impact of vesting conditions

If a grant of equity instruments is subject to satisfying certain vesting conditions, such conditions may be taken into account when estimating the fair value. AASB 2 specifies that vesting conditions, other than market conditions, shall not be taken into account when estimating the fair value of the shares or share options at the measurement date.

With regard to the treatment of vesting conditions, and in particular non-market conditions, when accounting for a share based payment, paragraph 19 of AASB 2 states:

*“There might be performance conditions that must be satisfied, such as the entity achieving a specified growth in profit or a specified increase in the entities share price. **Vesting conditions, other than market conditions, shall not be taken into account when estimating the fair value of the shares or share options at the measurement date.** Instead, vesting conditions shall be taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount, so that ultimately, the amount recognised for goods and services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Hence on a cumulative basis, no amount is recognised for goods or services received if the equity instruments granted do not vest because of failure to satisfy a vesting condition, for example the counterparty fails to complete a specified service period, or a performance condition is not satisfied.”*

Selected valuation methodology

In our opinion the vesting conditions attached the Performance Shares do not meet the definition of market condition, as the vesting of Performance Shares is not dependent on the future market price of the Company’s ordinary Shares.

However, as no service condition is attached to the Performance Shares, we have discounted the value of the Performance Shares based on Management’s assessment of the likelihood each milestone is met.

Therefore, in determining the indicative value of the Performance Shares, in our assessment of the fair value and we have used the Hoadley *Options1* valuation model and then we have discounted each value for the vesting probability.

Further information on Hoadley’s employee option valuation models can be found at www.hoadley.net.

Valuation model assumptions

We set out the assumptions we have used in assessing the indicative fair value of the Performance Shares in the table opposite.

Table 7 Performance Shares valuation assumptions

Assumptions	Ref	Performance Share					
		A	B	C	D	E	F
Valuation date	1	15/12/17	15/12/17	15/12/17	15/12/17	15/12/17	15/12/17
Share price	2	\$0.16	\$0.16	\$0.16	\$0.16	\$0.16	\$0.16
Exercise price	3	\$nil	\$nil	\$nil	\$nil	\$nil	\$nil
Vesting probability	4	85%	85%	85%	95%	95%	95%
Expiry date	5	14/12/21	14/12/21	14/12/21	14/12/20	14/12/20	14/12/20
Expected future volatility	6	100%	100%	100%	100%	100%	100%
Risk free rate	7	2.06%	2.06%	2.06%	2.06%	2.06%	2.06%
Dividend yield	8	nil	nil	nil	nil	nil	nil

- Valuation date* – We note the Performance Shares are yet to be issued and have therefore assumed the Valuation date of the Performance Shares to be 15 December 2017, the date of this report.
- Spot price* – We have taken the Company’s pre-IPO share price of \$0.16 per share, being the price at which the Company has most recently raised equity capital, as there is currently no active market for the Company’s shares.
- Exercise price* – We understand there is no exercise price attached to the Performance Shares.
- Vesting probability* – We understand that there is an 85% chance of achieving a milestone attached to Performance Shares A, B and C and a 95% chance of achieving a milestone attached to Performance Shares D, E and F.
- Expiry date* – We understand that Performance Shares A, B and C have a four-year expiry period and Performance Shares D, E and F have a three-year expiry period.
- Expected future volatility* – There is currently no share trading history of the Company to assess the historical volatility. We have therefore assumed a volatility figure of 100% based the volatility of similar early stage companies and our experience.
- Risk free rate* - We have determined this based on the yields of Commonwealth bonds using a three-year bond rate being the term which most closely corresponds to the life of the Performance Shares. The interest rate has been sourced from the RBA as the closing rate on 14 December 2017.
- Dividend yield* – We have assumed a nil dividend yield as the Company is not expected to pay dividends over the life of of the Performance Shares.

4. VALUATION

Valuation summary

Based on the methodology and assumptions set out in Section 3 of this report, we summarise below our assessment of the indicative fair value of the Performance Shares as at the Valuation Date in the table below.

Table 8 Fair Value of the Performance Shares

Performance Shares	A \$	B \$	C \$	D \$	E \$	F \$
Value per Share	0.160	0.160	0.160	0.160	0.160	0.160
Vesting Probability	85%	85%	85%	95%	95%	95%
Total Value	0.136	0.136	0.136	0.152	0.152	0.152

Source: RSM Calculation

We note that the above values are indicative only based on assumptions relevant at the date of this report. Different assumptions may be relevant at the grant date which may alter the value of the Performance Shares for financial reporting purposes.

General

If you have any queries or would like further information, please do not hesitate to contact the writer.



APPENDICES

A. ANDY GILMOUR QUALIFICATIONS AND EXPERIENCE



ANDY GILMOUR

Partner, Corporate Finance

Professional Experience

Andy, a Director of the Corporate Finance division in Perth has over 30 years' experience as a chartered accountant and business adviser. He has had exposure to a diverse range of industries from financial services to mining and of varying size from small family entities to large multinational corporations, including:

- experience in the preparation of independent expert reports including compulsory share acquisitions, company takeovers and other various fair and reasonable considerations under the Corporations Act;
- experience in the preparation of independent expert reports for the purposes of loss of profit determination and post-acquisition disputes;
- experience with regards to preparation of investigating accounting reports including those associated with a prospectus accompanying entity listings on the Australian Securities Exchange;
- experience in preparation of valuation reports for businesses for various purposes, including mergers and acquisitions, tax considerations, bank lending requirements or acquisition/disposal mandates;
- experience in the preparation of valuation reports for intangible assets and intellectual property;
- experience with various due diligence assignments; and
- experience of providing advice to a wide range of clients across a diverse range of industries in relation to numerous mergers, acquisitions and business divestments.

Associations

- Fellow of Chartered Accountants Australia and New Zealand - Admitted 1987
- Member of the Chartered Accountants Australia and New Zealand Forensic Accountants Special Interest Group
- West Australian representative of the Business Valuation Special Interest Group of Chartered Accountants Australia and New Zealand
- Business Valuation Specialist of Chartered Accountants Australia and New Zealand

Academic Qualifications

- BA (Hons) - Graduated 1979

CA Business Valuation Specialist



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PROXY FORM

CLEARVUE TECHNOLOGIES LIMITED
ACN 071 397 487

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 Ground Floor, 16 Ord Street, West Perth WA 6005, on 16 January 2018 at 9:30 am (WST), 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 Resolutions 2 and 3 (except where I/we have indicated a different voting intention below) even though Resolutions 2 and 3 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 Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs, all Shareholders will be notified immediately disclosing the reasons for the change.

Voting on business of the Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Re-election of director – Sean Rosenberg	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Issue of Performance Shares to Victor Rosenberg	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Issue of Performance Shares to Jamie Lyford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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:
 - (a) post to Clearvue Technologies Limited, 16 Ord Street West Perth, WA 6005; or
 - (b) facsimile to the Company on facsimile number +61 8 9482 0505; or
 - (c) email to the Company at info@clearvuepv.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.