

MNF Group Limited Annual General Meeting 2016

23rd September 2016

Dear Shareholder,

It is my pleasure to invite you to the 2016 Annual General Meeting of MNF Group Limited to be held at 11:00 am on Tuesday 25th October 2016 at Level 3, 580 George Street, Sydney, NSW 2000.

I enclose a notice of annual general meeting with an explanatory memorandum together with a personalised proxy form for shareholders. You can lodge your proxy on-line at www.linkmarketservices.com.au or return the hardcopy form in the reply paid envelope enclosed if you are not able to attend the meeting.

The MNF Group Limited annual report is now available on-line on our website, <http://mnfgroup.limited/investors/annual-reports>. We will not send you a hardcopy of the annual report unless you specifically request one.

If you want to receive a copy, please send an email to annualreport@mnfgroup.limited and include your name and address.

I look forward to welcoming you to the meeting.

Yours sincerely,



Terry Cuthbertson
Chairman

Notice of Annual General Meeting 2016

Notice is hereby given that the Annual General Meeting of the shareholders of MNF Group Limited will be held at 11:00 am on Tuesday 25 October 2016 at Level 3, 580 George Street, Sydney, NSW 2000.

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

ORDINARY BUSINESS

Item 1: Financial Reports

To receive and consider the financial report, director's report and auditor's report for the Company and its controlled entities for the year ended 30 June 2016.

Resolution 1: Remuneration Report

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

"That the Remuneration Report for the year ended 30 June 2016 be adopted."

The vote on this resolution is advisory only and does not bind the directors or the Company.

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Key Management Personnel or any of their Closely Related Parties.

However, the Company will not disregard a vote if it is cast by the person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form.

Resolution 2: Re-Election of Mr Michael Boorne as Director

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

"That Mr Michael Boorne, being a director of the Company, retires in accordance with ASX Listing Rule 14.4 and, having offered himself for re-election, is hereby elected as director of the Company."

Resolution 3: Re-Election of Mr Andy Fung as Director

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

"That Mr Andy Fung, being a director of the Company, retires in accordance with ASX Listing Rule 14.4 and, having offered himself for re-election, is hereby elected as director of the Company."

Resolution 4: Issue of Unlisted Options to Director Mr Terry Cuthbertson

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

"That, for the purposes of ASX Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, approval is given to allot and issue 100,000 unlisted options to Mr Terry Cuthbertson (or his nominee) on the terms and conditions outlined in the Explanatory Statement accompanying this Notice of Meeting."

Voting Exclusion: The Company will disregard any votes cast on this resolution by Mr Terry Cuthbertson (or his nominee) and any of his associates. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy to vote as the proxy decides.

Resolution 5: Issue of Unlisted Options to Director Mr Michael Boorne

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

“That, subject to Resolution 2 being passed, for the purposes of ASX Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, approval is given to allot and issue 100,000 unlisted options to Mr Michael Boorne (or his nominee) on the terms and conditions outlined in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusion: The Company will disregard any votes cast on this resolution by Mr Michael Boorne (or his nominee) and any of his associates. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy to vote as the proxy decides.

Resolution 6: Issue of Unlisted Options to Director Mr Andy Fung

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

“That, subject to Resolution 3 being passed, for the purposes of ASX Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, approval is given to allot and issue 100,000 unlisted options to Mr Andy Fung (or his nominee) on the terms and conditions outlined in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusion: The Company will disregard any votes cast on this resolution by Mr Andy Fung (or his nominee) and any of his associates. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy to vote as the proxy decides.

Resolution 7: Issue of Unlisted Options to Director Mr Rene Sugo

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

“That, for the purposes of ASX Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, approval is given to allot and issue 150,000 unlisted options to Mr Rene Sugo (or his nominee) on the terms and conditions outlined in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusion: The Company will disregard any votes cast on this resolution by Mr Rene Sugo (or his nominee) and any of his associates. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy to vote as the proxy decides.

By order of the Board



Catherine Ly
Company Secretary

23 September 2016

Explanatory Memorandum

Resolution 1: Remuneration Report

The Corporations Act 2001 requires that a resolution must be put to shareholders that the Remuneration Report of the Company be adopted. The Remuneration Report of the Company forms part of the Directors Report which is contained in the Annual Report accompanying this Notice of Meeting. The Remuneration Report sets out the Company's remuneration policy and reports the remuneration arrangements in place for Executive Directors, Non Executive Directors and certain executives whose remuneration arrangements are required to be disclosed.

The Board unanimously recommends that shareholders vote in favour of the approval of the Remuneration Report.

Resolution 2: Re-election of Mr Michael Boorne as a Director of the Company

Under the ASX Listing Rule 14.5, the Company must hold an election of Directors every year. A Director is retiring as a result of that rule and is eligible for re-election. The Board is aware of the effect of ASX Listing Rule 14.4 and each of the Directors will resign in accordance with that Rule.

Pursuant to the ASX Listing Rule, Mr Michael Boorne, being a Director of the Company, retires by way of rotation and, being eligible, offers himself for re-election as a Director of the Company.

Mr Michael Boorne was first appointed as Non-Executive Director of the Company in December 2006, and is the Chairman of the Audit & Risk committee. Mr Boorne is a successful entrepreneur with extensive experience in combining technical expertise with commercial and corporate experience. He has founded start-up businesses such as Sprit Modems and Mitron, and is a director and committee member of numerous private companies and charitable foundations. He was previously a Non-Executive Director of Netcomm Limited.

The continuing Directors unanimously recommend that shareholders vote in favour of Resolution 2 to re-elect Mr Boorne as a Non-Executive Director.

Resolution 3: Re-election of Mr Andy Fung as a Director of the Company

Under the ASX Listing Rule 14.5, the Company must hold an election of Directors every year. A Director is retiring as a result of that rule and is eligible for re-election. The Board is aware of the effect of ASX Listing Rule 14.4 and each of the Directors will resign in accordance with that Rule.

Pursuant to the ASX Listing Rule, Mr Andy Fung, being a Director of the Company, retires by way of rotation and, being eligible, offers himself for re-election as a Director of the Company.

Mr Fung was first appointed as Managing Director of the Company on 8 March 2006. Andy resigned from the position on 29 February 2012 and was appointed as Non-Executive Director on 1 March 2012. Mr Fung holds a Bachelor of Engineering degree and a Master of Commerce and has extensive experience in telecommunications. Prior to joining MNF Group, Mr Fung was the Director of Business Development of Lucent Technologies. He is a co-founder of MNF Group Limited, Symbio Networks Pty Ltd and Symbio Wholesale Pty Ltd.

The continuing Directors unanimously recommend that shareholders vote in favour of Resolution 3 to re-elect Mr Fung as Non-Executive Director.

Resolutions 4, 5, 6 and 7 – Issue of Unlisted Options to Directors

General Background

Resolution 4, 5, 6 and 7 seek shareholders approval to grant and issue a total of 450,000 Options to Messrs Terry Cuthbertson, Michael Boorne, Andy Fung and Rene Sugo (and /or their respective nominees). Being Directors of MNF Group Limited, they are related parties for the purposes of the Corporations Act. Resolutions 4 to 7 are therefore required to be passed before the Unlisted Options can be issued.

Approval of the Issue of Securities

Resolutions 4 to 7 seek shareholder approval in order to comply with the requirements of ASX Listing Rule 10.11 and section 208 of the Corporation Act

These requirements are addressed below.

ASX Listing Rules 10.11 and 10.13

Listing Rule 10.11 provides that a company must not issue equity securities (including options to acquire shares) to a Director of the Company unless the issue has been approved by shareholders by ordinary resolution.

Under Resolutions 4, 5, 6 and 7 the Company seeks approval from shareholders for the issue of 100,000 Unlisted Options each to Messrs Terry Cuthbertson, Michael Boorne and Andy Fung (and / or their respective nominees), and 150,000 Unlisted Options to Mr Rene Sugo (and /or his respective nominees). A total of 450,000 Unlisted Options will be issued if Resolutions 4 to 7 are approved.

The Company will issue the Unlisted Options under Resolutions 4 to 7 as soon as practicable following approval by shareholders; and in any event, no later than one month after the date of the AGM.

The Unlisted Options will be issued for nil consideration. No funds will be raised from the issue of the Options. The exercise price will be 1.5 times the 5 day VWAP as at the issue date. If all the Unlisted Options are exercised and shares are allotted before the expiry date of 30/06/2021, the Company will use the funds raised for working capital requirements. There is no guarantee that the Unlisted Options will be exercised at all.

The Company will not apply to ASX for Official Quotation of the Unlisted Options.

General terms and conditions of the Unlisted Options not outlined above are:

- each Unlisted Option entitles the holder, on exercise, to one fully paid ordinary share;
- all shares issued on the exercise of the Unlisted Options will rank pari passu in all respects with the Company's existing issued ordinary shares. The Company will apply for quotation by ASX of all shares issued upon the exercise of the Unlisted Options;
- An Unlisted Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Unlisted Option can be exercised;
- In the event of any reconstruction of the issued capital of the Company prior to the expiry date, all rights of the Unlisted Option holder will be varied in accordance with the ASX Listing Rules;
- In the event of the Unlisted Option holder ceasing to be a Director of the Company for any other reason than death, the Unlisted Option will terminate sixty (60) days following the date of cessation.

Section 208 of the Corporations Act

Under Chapter 2E of the Corporations Act, a public company cannot give a “financial benefit” to a “related party” unless one of the exceptions to the section apply or shareholders have in general meeting approved the giving of that financial benefit to the related party.

For the purposes of Chapter 2E, each of the Directors is considered to be a related party of the Company.

Resolutions 4 to 7 provide for the grant of options to Directors of the Company, which is a financial benefit for the purpose of Chapter 2E of the

Corporations Act, and therefore, requires prior shareholder approval.

Section 217 to 227 of the Corporations Act

Pursuant to Sections 217 to 227 of the Corporations Act, the Company provides the following information to Shareholders in respect of the proposed financial benefits to be given to Directors of the Company:

- (a) If Resolutions 4 to 7 are passed by shareholders, it will permit the giving of a financial benefit to the following Directors (or their nominees). The number of Options to be issued to each Director had been determined by the Company’s Board:

	Number of Options	Exercise Price	Expiry Date
Terry Cuthbertson	100,000	1.5 times the 5 day VWAP as at the issue date	30/06/2021
Michael Boorne	100,000	1.5 times the 5 day VWAP as at the issue date	30/06/2021
Andy Fung	100,000	1.5 times the 5 day VWAP as at the issue date	30/06/2021
Rene Sugo	150,000	1.5 times the 5 day VWAP as at the issue date	30/06/2021
Total	450,000		

- (b) The nature of the financial benefit proposed to be given is the grant of Options in the Company for no consideration. The purpose of the issue is to give each of the Directors an incentive to provide dedicated and ongoing commitment to the Company. The Directors consider the issue of Options is appropriate having regard to the skills, ability and contribution of the Directors (both now and in the future) to the Company.
- (c) In respect of Resolution 4, all Directors recommend that shareholders vote in favour of Resolution 4, except for Terry Cuthbertson who has an interest in the outcome of Resolution 4 and declines to make a recommendation in respect of it.
- (d) In respect of Resolution 5, all Directors recommend that shareholders vote in favour of Resolution 5, except for Michael Boorne who has an interest in the outcome of Resolution 5 and declines to make a recommendation in respect of it.
- (e) In respect of Resolution 6, all Directors recommend that shareholders vote in favour of Resolution 6, except for Andy Fung who has an interest in the outcome of Resolution 6 and declines to make a recommendation in respect of it.
- (f) In respect of Resolution 7, all Directors recommend that shareholders vote in favour of Resolution 7, except for Rene Sugo who has an interest in the outcome of Resolution 7 and declines to make a recommendation in respect of it.
- (g) As at the date of this Notice, the Directors hold the following relevant interests in the Company on a fully diluted basis:

	Ordinary Shares	Listed Options	Unlisted Options*	Possible Holdings
Terry Cuthbertson	920,000	-	100,000	1,020,000
Michael Boorne	705,067	-	100,000	805,067
Andy Fung	13,969,216	-	100,000	14,069,216
Rene Sugo	13,160,576	-	150,000	13,310,576
Total	28,754,859	-	450,000	29,204,859

*If the Resolutions are approved in the AGM

Voting Entitlements

The Directors have determined that the shareholding of each shareholder for the purpose of ascertaining the voting entitlements for the Annual General Meeting will be as it appears on the Share Registers at 7 pm Australian Eastern Standard Time on Sunday 23 October 2016. Accordingly, transactions registered after that time will be disregarded in determining shareholders entitled to attend and vote at the Annual General Meeting.

Proxies

A shareholder has the right to appoint a proxy, who need not be a shareholder of the Company. A member may appoint not more than 2 proxies to attend and act for the member. A member may specify the percentage of votes each proxy is appointed to exercise.

Please note that if you appoint the Chairman as your proxy and do not direct your vote on the Remuneration Report, your vote will be counted in favour of the resolution. All direct votes will be counted as directed.

The Proxy Form must be received by the share registry of the Company, Link Market Service Limited, at 1A Homebush Bay Drive, Rhodes NSW 2138; or Level 12, 680 George Street, Sydney NSW 2000 Australia, or by facsimile to Link Market Services Limited on (02) 9287 0309, or by registering on-line at www.linkmarketservices.com.au, no later than 11:00 am on Sunday, 23 October 2016.

LODGE YOUR VOTE

 **ONLINE**
www.linkmarketservices.com.au

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

 **BY FAX**
+61 2 9287 0309

 **BY HAND**
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000

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



X99999999999

PROXY FORM

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

APPOINT A PROXY

the Chairman of the Meeting (mark box)

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

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **11:00am on Tuesday, 25 October 2016 at Level 3, 580 George Street, Sydney NSW 2000 (the Meeting)** and at any postponement or adjournment of the Meeting.

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

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

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Issue of Unlisted Options to Director Mr Michael Boorne	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-Election of Mr Michael Boorne as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Issue of Unlisted Options to Director Mr Andy Fung	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-Election of Mr Andy Fung as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7 Issue of Unlisted Options to Director Mr Rene Sugo	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Issue of Unlisted Options to Director Mr Terry Cuthbertson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

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

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual) Joint Shareholder 2 (Individual) Joint Shareholder 3 (Individual)
Sole Director and Sole Company Secretary Director/Company Secretary (Delete one) Director

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



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

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

APPOINTMENT OF PROXY

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

DEFAULT TO CHAIRMAN OF THE MEETING

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

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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

APPOINTMENT OF A SECOND PROXY

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

To appoint a second proxy you must:

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

SIGNING INSTRUCTIONS

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

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

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

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

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

CORPORATE REPRESENTATIVES

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

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:00am on Sunday, 23 October 2016**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

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



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



BY MAIL

MNF Group Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

or

Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)

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