

IDT AUSTRALIA LIMITED

ABN 66 006 522 970

Notice of Annual General Meeting
And
Explanatory Memorandum

19 November 2015

IDT AUSTRALIA LIMITED

ABN 66 006 522 970

Notice of Annual General Meeting

Notice is given for a General Meeting of the Company to be held at 45 Wadhurst Drive, Boronia, Victoria, 3155 at 10.00am (AEDT) on 19 November 2015.

AGENDA

Business

1. Accounts and Reports

To receive and consider the financial statements and the reports of the Directors and of the Auditors for the year ended 30 June 2015.

2. Resolution 1: Adoption of Remuneration Report

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

"That the Remuneration Report for the year ended 30 June 2015 as set out in the Company's Annual Report for the year ended 30 June 2015 be adopted."

**Please note that section 250R(3) of the Corporations Act 2001 (Cth) provides that the vote on this resolution is advisory only and does not bind the Directors or the Company*

3. Resolution 2: Election of Mr Alan Fisher

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

"To elect Mr. Alan Fisher, who was appointed as a director by the Board on 10 June 2015, whose appointment as a director expires at this Annual General Meeting in accordance with Listing Rule 14.4, and being eligible, offers himself for election by shareholders."

4. Resolution 3: Election of Mr Hugh Burrill

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

"To elect Mr. Hugh Burrill, who was appointed as a director by the Board on 8 October 2015, whose appointment as a director expires at this Annual General Meeting in accordance with Listing Rule 14.4, and being eligible, offers himself for election by shareholders."

5. Resolution 4: Re-election of Mr Graeme Kaufman

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

"To elect Mr Graeme Kaufman who retires by rotation in accordance with Listing Rule 14.4 and clause 16.1(b) of the Company's Constitution and being eligible, offers himself for re-election as a Director."

6. Resolution 5: Re-election of Mr Reo Shigeno

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

"To elect Mr Reo Shigeno who retires by rotation in accordance with Listing Rule 14.4 and clause 16.1(b) of the Company's Constitution and being eligible, offers himself for re-election as a Director."

7. Resolution 6: Approval of Increased Placement Capacity

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

"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of equity securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum."

8. Resolution 7: Approval of Issue of Shares and provision of Loan to Dr Paul MacLeman

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

"That for the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act 2001 and for all other purposes, approval be given to the Company to

(i) issue shares to Paul MacLeman, and

(ii) advance to Paul MacLeman an interest free limited recourse loan to finance the purchase of these shares.

on the terms and conditions outlined in the Explanatory Memorandum which accompanies this Notice of Meeting"

By order of the Board

Joanna Johnson and David Sparling
Joint Company Secretaries
8 October 2015

Explanatory Notes

Snapshot Date

For the purposes of voting at this meeting, the directors have determined that all shares of the Company that are quoted securities at 7:00pm (AEDT) on 17 November 2015 are taken to be held by the persons who are registered as holding them at that time. The entitlement of members to vote at the meeting will be determined by reference to that time.

Questions and Comments

The Chairman will give Shareholders a reasonable opportunity to ask questions about or comment on the resolutions.

Proxies

A member entitled to vote may vote their shares directly by completing Step 2 on the enclosed Proxy Form and returning the Proxy Form as indicated below. In this case a member is not appointing a proxy. Members voting directly should complete a "for" or "against" for each resolution. A vote of "abstain" for a direct vote will result in the Shares represented by that vote not counting towards a majority vote. If no direction is given for a particular resolution and no proxy appointed, the vote (other than a vote with respect to Resolution 1) will be passed to the Chairman of the meeting to vote as that member's undirected proxy.

If you are entitled to vote at the meeting you have the right to appoint a proxy to attend and vote in your place. To appoint a proxy you should complete the first section of Step 1 on the attached Proxy Form. The proxy need not be a Shareholder of the Company. If you are entitled to cast 2 or more votes you may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

If the proxy appointments do not specify the proportion or number of your votes that each proxy may exercise, each proxy may exercise half your votes. If there is more than one proxy appointed, on a show of hands only one of the proxies may vote, but on a poll, each proxy may exercise votes in respect of those shares the proxy represents.

The Chairman intends to vote all undirected proxies in favour of the Resolutions put in the Notice of Meeting.

Subject to the specific proxy provisions applying to Resolution 1 (please refer below):

- (a) if a member has not directed their proxy how to vote, the proxy may vote as the proxy determines, and
- (b) if a member appoints the Chairman of the Meeting as proxy and does not direct the Chairman how to vote on an Item of Business, the Chairman will vote in accordance with his voting intention as stated in this Notice of Meeting, namely in favour of each of the proposed resolutions set out in the Notice of Meeting.

Notes re Resolution 1: If a member (who is not an Excluded Voter) has appointed as their proxy an Excluded Voter, and directed that proxy how to vote with respect to Resolution 1, the Excluded Voter may only vote upon Resolution 1 as directed by the member. To direct the Excluded Voter as proxy the member must either:

- (a) complete a "for" or "against" or "abstain" at Step 2 of the Proxy Form for Resolution 1 (Item 2 of the Items of Business), or
- (b) tick the Chairman's undirected proxy (remuneration authorisation) box the second section of Step 1 on the Proxy Form (in which case the member is directing the Chairman to vote with respect to Resolution 1 in accordance with the Chairman's stated intention, namely "for" Resolution 1).

If you appoint as your proxy an Excluded Voter **other than** the Chairman, you can only direct the proxy with respect to Resolution 1 by completing the Proxy Form as described in (a) above, not as described in (b) above.

An **Excluded Voter** for these purposes means collectively one of the Key Management Personnel (as set out on page 9 of the Company's 2015 Annual Report, and is defined in the Corporations Act to include the Chairman) (**KMP**) or one of KMP's closely related parties (which includes a spouse, dependent and certain other close family members and companies controlled by the KMP).

Proxy forms must be received by Link Market Services Limited no later than 10.00am (AEDT) on 17 November 2015. 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" (Security holder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).

By mail:

IDT Australia Limited
c/~ Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia
Share Registry Telephone +61 1300 554 474

By Fax:

(02) 9287 0309 (from within Australia)
+61 2 9287 0309 (from outside Australia)

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

A proxy form accompanies this Notice of General Meeting. Additional proxy forms are available on request from the registered office of the Company or its share registrar.

Bodies Corporate

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

IDT AUSTRALIA LIMITED

ABN 66 006 522 970

Explanatory Memorandum

This Explanatory Memorandum has been prepared for the information of shareholders of the Company in connection with the business to be conducted at the Annual General Meeting of Shareholders to be held on 19 November 2015.

1. Accounts and Reports

The Corporations Act requires the Company to lay before the Annual General Meeting, the Financial Report, The Report of Directors (including the Remuneration Report) and the Auditor's Report for the financial year ended 30 June 2015.

Shareholders will be offered the opportunity to discuss the Financial Report, The Report of Directors and Auditor's Report at the meeting. Copies of these reports can be found on the Company's website www.idtaus.com.au.

There is no requirement for Shareholders to approve the Financial Report, The Report of Directors and Auditor's Report.

Shareholders will be offered the following opportunities:

- (a) discuss the Annual Report for the financial year ended 30 June 2015;
- (b) ask questions or make comments on the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and preparation and content of the Auditor's Report.

In addition to taking questions at the Annual General Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

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

may be submitted no later than 5 business days before the Annual General Meeting to the Company Secretary at the Company's registered office.

2. Resolution 1: Adoption of Remuneration Report

Under the Corporations Act, listed entities are required to put to the vote a resolution that the Remuneration Report section of the Report of Directors be adopted. This Remuneration Report can be found in the Company's 2015 Annual Report. It sets out a range of matters relating to the remuneration of Directors and Key Management Personnel of the Company.

A vote on this resolution is advisory only and does not bind the Directors or the Company. A copy of the Company's 2015 Annual Report can be found on its website at www.idtaus.com.au.

The Corporations Act provides that:

- (a) members of the Key Management Personnel whose remuneration details are included in the Remuneration Report (and any closely related party of those members) are not permitted to vote on a resolution to approve the Remuneration Report, and
- (b) if the vote to approve the Remuneration Report receives a "no" vote by at least 25% of the votes cast, this will constitute a "first strike".

As no "strike" occurred at the IDT 2014 annual general meeting, the current "strike" count is zero. If a "first strike" was to occur at the 2015 Annual General Meeting:

- (c) the Company's subsequent Remuneration Report (in other words, the Company's Remuneration Report to be included in the 2016 Annual Report) must include an explanation of the Board's proposed action in response to the "no vote" or an explanation of why no action has been taken; and
- (d) if the Company's subsequent (i.e. 2016) Remuneration Report also receives a "no vote" at the 2016 annual general meeting of at least 25% of the votes cast, then Shareholders at the 2016 annual general meeting will be asked (at that 2016 annual general meeting) to vote on whether or not the Company is to hold another general Shareholder's meeting (within the following 90 days) to vote on a "spill resolution" under section 250V of the Corporations Act.

2.1 IDT Board Recommendation

As set out in the Notice of Annual General Meeting, any member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, together with a closely related party of those members, are excluded from casting a vote on Resolution 1.

Accordingly, the Board abstains from making a recommendation in relation to Resolution 1.

The Chairman intends to exercise all undirected proxies in favour of Resolution 1.

2.2 Voting Exclusion statement

Voting exclusion:

The Company will disregard any votes cast on Resolution 1 by:

- (a) a member of the Key Management Personnel; and
- (b) a Closely Related Party of those persons.

However, the Company need not disregard a vote if:

- (c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form; or
- (d) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, the proxy does not specify the way in which the chair is to vote on the resolution and the proxy expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. Resolution 2: Election of Mr Alan Fisher

Mr. Alan Fisher was appointed as a Director of the Company on 10 June 2015 in accordance with Rule 16.3 of the Constitution. This rule allows at any time the appointment by the Directors of a person to fill a casual vacancy. Pursuant to ASX Listing Rule 14.4 any director so appointed holds office until the next General Meeting of members of the Company and is then eligible for election at that meeting.

Accordingly, Mr. Alan Fisher, being eligible, submits himself for election as a Director of the Company.

Information regarding Mr. Alan Fisher is as follows:

- Non-executive director since 10 June 2015. Chairman of Audit and Risk Committee.
- Chairman of Australian Renewable Fuels Limited. In addition Mr Fisher has expertise in building and restructuring businesses and is currently Managing Director of DMC Corporate Pty Ltd and Fisher Corporate Advisory Pty Ltd. Former roles include CEO of Pental Ltd, Managing Director of HRL Ltd and Corporate Finance Partner, Coopers & Lybrand

4. Resolution 3: Election of Mr Hugh Burrill

Mr. Hugh Burrill was appointed as a Director of the Company on 8 October 2015 in accordance with Rule 16.3 of the Constitution. This rule allows at any time the appointment by the Directors of a person to fill a casual vacancy. Pursuant to ASX Listing Rule 14.4 any director so appointed holds office until the next General Meeting of members of the Company and is then eligible for election at that meeting.

Accordingly, Mr. Hugh Burrill, being eligible, submits himself for election as a Director of the Company.

Information regarding Mr. Hugh Burrill is as follows:

- Non-executive director since 8 October 2015.
- Executive Director of Hugh Burrill Pty Ltd and Non-executive Director and Deputy Chairman of Nova Aerospace Pty Ltd. Former roles include Corporate Vice President Global Pharma R&D Hospira Inc.

5. Resolutions 4 and 5: Re-election of Mr Graeme Kaufman and Mr Reo Shigeno

Rule 16.1 of the Company's Constitution provides that at the Annual General Meeting in every year, one third of the Directors must retire, and being eligible may offer themselves for re-election. The Director(s) to retire by rotation at each annual general meeting are those who have been longest in office. The length of time a Director has been in office is computed from that Director's last election. The Managing Director and Directors appointed to fill casual vacancies are not to be taken into account in determining which Directors are to retire by rotation.

As at the date of this Notice of Meeting, the Board of the Company comprised of four Directors who are subject to rotation. The Directors longest in office are Mr Graeme Kaufman, Mr Geoffrey Lord and Mr Reo Shigeno. As the 'one third' calculation means not less than one third, two of the Directors 'longest in office' must resign and may offer themselves for re-election for the purposes of compliance with Rule 16.1(b) of the Constitution. Mr Graeme Kaufman and Mr Reo Shigeno have offered, and the Board has agreed, that they retire by rotation at this Annual General Meeting.

Mr Graeme Kaufman and Mr Reo Shigeno, both being eligible, offer themselves for re-election.

Information regarding the two Directors is as follows:

Resolution 4

Mr Graeme Kaufman

- Non-executive director since 1 June 2013. Member of Audit and Risk Committee and appointed Chairman of the Board on 1 October 2013.
- Non-executive Chairman of Bionomics Limited, Non-executive Chairman of Paradigm BioPharmaceuticals Limited, Non-executive director Cellmid Limited (until June 2015).

Resolution 5

Mr Reo Shigeno

- Non-executive director since 1 June 2013. Member of Audit and Risk Committee.
- Chief Financial Officer of Healthy Clinical Research Pty Ltd, a subsidiary of I'rom Holding Group.

6. Resolution 6 – Approval of Increased Placement Capacity

6.1 General

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

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

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

The exact number of equity securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2.

6.2 Description of Listing Rule 7.1A

Any equity securities issued under the 10% Placement Facility (**Placement Securities**) must be in the same class as an existing quoted class of equity securities of the Company. The Company, as at the date of the Notice, has on issue one class of equity securities, being Ordinary Shares.

Resolution 6 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

(a) Calculation of Additional Capacity

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

$$\text{Additional capacity} = (A \times D) - E$$

where:

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

(a) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;

(b) plus the number of partly paid shares that became fully paid in the 12 months;

(c) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4;

(d) less the number of fully paid shares cancelled in the 12 months.

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

D is 10%

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

(b) Minimum Issue Price

The issue price of Placement Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of equity securities in the same class calculated over the 15 Trading Days immediately before:

- (i) the date on which the price at which the Placement Securities are to be issued is agreed; or
- (ii) if the Placement Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Placement Securities are issued.

(c) 10% Placement Period

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

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking), or such longer period if allowed by ASX (**10% Placement Period**).

The effect of Resolution 6 will be to allow the Directors to issue the Placement Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

6.3 Specific information required by Listing Rule 7.3A

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

(a) Minimum issue price

The minimum price the Placement Securities will be issued at is the price determined in accordance with the ASX Listing Rule 7.1A.3, as described in section 5.2(b) above.

The actual number of Placement Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Placement Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 5.2(a) above).

(b) Effect on existing (non-participating) Shareholders

If Resolution 6 is approved by Shareholders and the Company issues Placement Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted. The below table provides examples of different levels of shareholder dilution where different prices are assumed (for illustrative purposes only). There is a risk that:

- (i) the market price for the Company's equity securities may be significantly lower on the date of the issue of the Placement Securities than on the date of the Annual General Meeting; and
- (ii) the Placement Securities may be issued at a price that is at a discount to the market price for the Company's equity securities on the issue date or the Placement Securities are issued as part of consideration for the acquisition of a new asset, which may have an effect on the amount of funds raised by the issue of the Placement Securities.

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

The table also shows:

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

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Placement Securities available under the 10% Placement Facility.
- (ii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (iii) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Annual General Meeting.
- (iv) The table shows only the effect of issues of Placement Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (v) The issue of Placement Securities under the 10% Placement Facility consists only of Ordinary Shares

(vi) The issue price is \$0.26, being the closing price of the Shares on ASX on 31 August 2015.

Variable 'A' in Listing Rule 7.1A.2		\$0.13 50% decrease in Issue Price	\$0.26 Issue Price	\$0.39 50% increase in Issue Price
Current Variable A 193,053,196	10% Voting Dilution	19,305,319 shares	19,305,319 shares	19,305,319 shares
	Funds raised	\$2,509,691	\$5,019,382	\$7,529,074
50 % increase in current Variable A 289,579,794	10% Voting Dilution	28,957,979 shares	28,957,979 shares	28,957,979 shares
	Funds raised	\$3,764,537	\$7,529,074	\$11,293,611
100% increase in current Variable A 386,106,392	10% Voting Dilution	38,610,639 shares	38,610,639 shares	38,610,639 shares
	Funds raised	\$5,019,383	\$10,038,766	\$15,058,149

(c) Date by which Placement Securities may be issued

The Company will only issue and allot the Placement Shares during the 10% Placement Period, that is at any time up to 18 November 2016. An approval given under Resolution 6 for the issue of the Placement Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).

(d) Purposes for which Placement Securities may be issued

The Company may seek to issue the Placement Securities for the following purposes:

- (i) non-cash consideration for the acquisition of new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
- (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expense associated with such acquisition), and/or general working capital.

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

(e) Company's share allocation policy

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

- (i) the methods of raising funds that are available to the Company, including but not limited to, issues in which existing security holders can participate;
- (ii) the effect of the issue of the Placement Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

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

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

(f) Issues under previous Listing Rules 7.1A approvals

The Company has previously obtained Shareholder approval under Listing Rule 7.1A at its annual general meetings on 20 November 2012, 20 November 2013 and 23 October 2014.

In the 12 months preceding the date of this Annual General Meeting the company has issued 115,753,022 and has cancelled 74,074 fully paid ordinary shares, and has issued nil unlisted options over ordinary shares. The net resulting issued securities amounting to 115,678,948 represent 149.5% of the issued capital as at the date of the 2014 Annual General Meeting.

No equity securities were issued under Listing Rule 7.1A in the 12 months prior to the date of this Notice of Meeting.

(g) Voting Exclusion Statement

Voting exclusion:

The Company will disregard any votes cast on Resolution 6 by:

- (a) a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed; and
- (b) an associate of that person.

However, the Company need not disregard a vote if:

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

At the date of this Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Placement Securities and it is not known to the Company who will participate in any issue under Listing Rule 7.1A. Accordingly as at the date of this Notice the Company does not have an intention to exclude any existing Shareholder's votes under the voting exclusion with respect to Resolution 6.

6.4 Directors Recommendation

The Directors of the Company believe that Resolution 6 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution 6.

7. RESOLUTION 7 – Approval of Issue of Shares and Provision of Loan to Dr Paul MacLeman

7.1 Background

On 3 April 2013 Dr Paul MacLeman was appointed as Chief Executive Officer and on 22 August 2013 he was appointed Managing Director of the Company.

On 21 July 2015 (**Board Approval Date**) the Board (without the presence of Dr MacLeman) agreed, subject to shareholder approval, to

- (i) issue Dr MacLeman the Loan Shares (as described below) , and
- (ii) advance Dr MacLeman a loan solely for the purpose of the purchase of the Loan Shares (**Loan**).

The key terms of the Loan are attached in Annexure B to this Explanatory Memorandum. The additional terms are as follows:

- (i) The Loan Shares will be issued at the closing market price on the day of issue, but will not vest except as described in (ii) following.
- (ii) The Loan Shares will only vest upon the following 3 conditions:
 - (a) in the five tranches described below,
 - (b) per tranche upon the Milestone corresponding to the tranche being met, and,
 - (c) provided the particular Milestone is met prior to the Loan becoming repayable in accordance with the terms of the Loan:

Number of Loan Shares⁺	Milestone[*]
Tranche 1: 20% of the Loan Shares	Closing Share price as detailed on the ASX (Market Price) of \$0.50 maintained for 30 or more calendar days
Tranche 2: 20% of the Loan Shares	Market Price of \$1.00 maintained for 30 or more calendar days
Tranche 3: 20% of the Loan Shares	Market Price of \$1.50 maintained for 30 or more calendar days
Tranche 4: 20% of the Loan Shares	Market Price of \$2.00 maintained for 30 or more calendar days
Tranche 5: 20% of the Loan Shares	Market Price of \$2.50 maintained for 30 or more calendar days

⁺ The exact number of Loan Shares shall be subject to any adjustment (as provided in the formula below) to reflect any change in the market price of the Company's shares between at the date the Board resolved to issue the Loan Shares and the market price on the Issue Date. Loan shares shall be divided into 5 equal tranches as specified in this table.

^{*}Milestones refer to the date when the Company's Shares as traded on the ASX reach a certain Market Price and maintained for 30 or more calendar days, as specified in this table (subject to an adjustment of the Market Price to correspond to any share consolidations or subdivisions of the Company's share capital, if any).

The Board has determined, subject to shareholder approval, to issue Loan Shares to Dr Paul MacLeman and to provide Dr Paul MacLeman a Loan to acquire the Loan Shares. The Company shall ensure its share registry imposes a holding lock pending repayment of the Loan with respect to the Loan Shares.

The Board has decided to issue the Loan Shares:

- (i) as a long term incentive for Dr Paul MacLeman in connection with his position,
- (ii) as reward and encouragement as managing director, and
- (iii) to link executive reward to improvements in the financial performance of the Company.

The Loan Shares will be issued at their Market Price as at the date the Loan Shares are issued (**Issue Date**). The total value of the share package to be issued has been assessed using a Monte Carlo model that uses Geometric Brownian Motion to simulate future share prices based on inputs to calculate a fair value of each tranche, based on those tranche's payoffs. The model has determined that the total value of the share package to be issued on the date of the offer is equal to \$366,091 (based on an assumption that the number of Loan Shares which may be issued is 2,500,000). This

figure represents a value of \$52,299 per annum over the seven year term of the offer, which the Board views as being in line with the long term incentive component of corporate remuneration of similar companies. In undertaking this valuation the Company has adopted a volatility rate of 64.53% and a risk free rate of return of 2.9%.

The number of Loan Shares to be issued is notionally 2,500,000 Shares, adjusted to reflect any change in the market price of the Company's shares between the Board Approval Date (being \$0.25) and the market price as at the Issue Date, calculated as follows:

$$\text{Number of Loan Shares} = 2,500,000 \times \frac{\text{Market Price on Issue Date}}{\$0.25}$$

The Board has now decided to seek shareholder approval for the issue of Loan Shares to Dr MacLeman as a long term incentive in connection with his position.

7.2 Application of ASX Listing Rules

ASX Listing Rule 10.11 states that an entity must not issue or agree to issue equity securities to any of the following persons without the approval of holders of ordinary securities:

- (i) a director of the entity (or their associate); or
- (ii) a person whose relationship with the entity or the director (or their associate) is, in the ASX's opinion, such that approval should be obtained.

Where shareholder approval to Resolution 7 is obtained under ASX Listing Rule 10.11, further shareholder approval to Resolution 7 is not required under ASX Listing Rule 7.1 (see Listing Rule 7.2, Exception 14).

7.3 Technical Information required by ASX Listing Rules

The information required by ASX Listing Rule 10.13 for shareholder approval under ASX Listing Rule 10.11 is as follows:

(a) The name of the persons in which securities are being issued

The Company proposes to issue fully paid ordinary shares to Dr MacLeman (a director of the Company) or his nominee.

(b) The maximum number of securities to be issued

The maximum number of securities (i.e. Loan Shares) to be issued to Dr MacLeman pursuant to Resolution 7 is calculated in accordance with the below formula, as further detailed in section 6.1 above:

$$\text{Number of Loan Shares} = 2,500,000 \times \frac{\text{Market Price on Issue Date}}{\$0.25}$$

(c) The date by which the securities are to be issued

The Company proposes to issue the Loan Shares pursuant to Resolution 7 as soon as reasonably practicable after Resolution 7 is approved by Shareholders, but in any case by no later than 1 month after the date of passage of Resolution 7.

(d) The issue price of the securities and the terms of the issue of the Securities

The Loan Shares will be issued at the closing market price on the day of issue. The Loan Shares only vest in tranches and upon the achievement of the Milestones as described in section 6.1 above. The Loan Shares are fully paid ordinary shares to be subscribed for by the application of the loan funds advanced to Dr MacLeman by the Company under the Loan. The key terms of the Loan are attached in Annexure B to this Explanatory Memorandum.

(e) The intended use of the Funds raised

As there will be no funds received by the Company on the issue of the Loan Shares, there is no application of any funds arising from the issue of the Loan Shares.

(f) A voting exclusion statement

A voting exclusion statement is included below in the Explanatory Memorandum

7.4 Application of the Corporations Act 2001 (Cth)

Under the *Corporations Act 2001 (Cth)*, the provision of any financial benefit (which includes the issue of securities) to a related party requires shareholder approval in accordance with the procedure set out in Chapter 2E of that Act, unless one of a number of exceptions applies. Paul MacLeman, being a director of the Company, is a related party of the Company.

Whilst the Board is of the view that the shares proposed to be issued would be issued upon terms that would meet the "reasonable remuneration" criteria of Section 211 of the Act (and would therefore be exempt from the need to seek shareholder approval pursuant to Chapter 2E), the Board nevertheless has decided to put the issues of shares to shareholder vote.

The following information is provided in accordance with Section 219 of the Act for the purposes of seeking shareholder approval of the financial assistance:

(a) The related party to whom the proposed resolution will permit a financial benefit to be given:

Paul MacLeman (a director of the Company) or his nominee.

(b) The nature of the financial benefit:

The provision of an interest free, limited recourse loan by the Company to Paul MacLeman to acquire the Loan Shares in an amount equal to the market price of the Loan Shares issued.

(c) Recommendations by each of the Directors of the Company:

Each of the Directors of the Company (other than Paul MacLeman, who abstained from voting due to his interest in the outcome of the resolution) recommends the proposed Loan to Paul MacLeman.

(d) In relation to each such Director, their interests in Resolution 7:

Apart from Paul MacLeman, none of the Directors of the Company has any interest in the outcome of Resolution 7.

(e) All other information that would be required by members in order to decide whether or not it is in the Company's best interest to pass Resolution 7:

As at the date of this Notice of Meeting,

(i) the annual remuneration payable to Paul MacLeman is detailed on page 9 of the Company's 2015 Annual Report, which can be found on the Company's website; and

(ii) Paul MacLeman's notifiable interests in the securities of the Company (excluding the shares the subject of this resolution) are as follows:

No. Securities	Directly held	Indirectly held
<i>Ordinary Shares</i>	471,000	Nil
<i>Performance Rights</i>	Nil	Nil
<i>Options</i>	500,000	Nil

7.5 Financial Assistance

Section 260A of the *Corporations Act* allows only limited circumstances under which a company may provide financial assistance, such as the provision of loans to executives, to enable the acquisition of shares in itself. Section 260A(1)(a) provides one of circumstances where financial assistance may be provided, namely that the giving of the assistance does not materially prejudice the interests of the company or its shareholders, or the company's ability to pay its creditors.

The reasons for the Directors' conclusions concerning the giving of financial assistance in respect of the Loan are:

- a) giving the assistance is in the best interests of the Company, and is of benefit to those shareholders not receiving the financial assistance, because it increases the alignment of the interests of Dr MacLeman and shareholders and rewards Dr MacLeman for the creation of shareholder wealth, and, therefore creates incentives for Dr MacLeman to strive to ensure that the Company performs for the benefit of all its shareholders;
- b) the terms and conditions do not materially prejudice the interests of the Company and its shareholders because the costs of providing the financial assistance are negligible and are outweighed by the benefit of alignment of interest that is achieved under the Plan;
- c) with the precondition that the Company's share price must increase by significant proportionate amounts (and therefore the Company's market cap) for each next milestone to be achieved, the Loan facilitates the issue of Loan Shares which align the benefit to Dr MacLeman with the interests of shareholders.

- d) as the sole purpose of the Loan is to acquire the Loan Shares, the advance of the Loan does not involve any cash payment by the Company, and so does not negatively impact on the cash reserves of the Company, and
- e) in the opinion of the directors, the provision of financial assistance under schemes of this kind is consistent with market practice in the area of executive incentive schemes currently operated in Australia.

7.6 IDT Board Recommendation

The Directors (other than Paul MacLeman, who excluded himself from Board deliberations and making a recommendation as to shareholder voting, given his personal interest in the outcome of this Resolution 7) recommend that Shareholders vote in favour of this Resolution 7.

7.7 Voting Exclusion Statement

Voting exclusion:

The Company will disregard any votes cast on Resolution 7 by:

- (a) a person who is to receive securities in relation to the entity; and
- (b) an associate of that person (or those persons).

However, the Company need not disregard a vote if:

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

8. Further information

The Directors are not aware of any other information which is relevant to the consideration by members of the proposed resolutions set out in the notice of general meeting.

The Directors recommend members read these explanatory notes in full and, if desired, seek advice from their own independent financial or legal adviser as to the effect of the proposed resolutions before making any decision in relation to the proposed resolutions.

Annexure A – Glossary

Definitions

The following definitions are used in the Notice of Meeting and the Explanatory Memorandum:

Act means the Corporations Act 2001 (*Cwth*)

Annual General Meeting / AGM mean the annual general meeting of the Company to be held on 19 November 2015 pursuant to the Notice of Meeting.

ASX means ASX Limited ACN 008 624 691.

ASX Listing Rules means the Listing Rules of the ASX as amended from time to time.

Board means the board of Directors of the Company.

Closely Related Party has the meaning as provided in Section 9 of the Act, and includes a spouse, child or dependent of a KMP and a company controlled by a KMP

Company means IDT Australia Limited ABN 66 006 522 970.

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

Director means a director of the Company.

Explanatory Memorandum means the explanatory memorandum attached to this Notice.

Key Management Personnel or KMP means the key personnel as disclosed in the Remuneration Report.

Meeting means the annual general meeting subject to this Notice.

Notice of Meeting or **Notice** means this notice of annual general meeting.

Remuneration Report means the remuneration report of the Company for the year ended 30 June 2015 as set out in the Company's Annual Report for the year ended 30 June 2015.

Resolution means the resolutions referred to in the Notice of Meeting.

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

Shareholder means a holder of a Share.

Annexure B – Loan Agreement Terms

Summary of Loan Terms

(a) Loan terms

The key terms of each limited recourse loan, as specified in the loan agreement entered by the Company and Dr MacLeman (**Loan Agreement**) are as follows:

- (i) the loan may only be applied towards the subscription price for the Loan Shares;
- (ii) the loan will be interest free, provided that if the loan is not repaid by the repayment date set by the Board, the loan will incur interest at 9% per annum after that due date (which will accrue on a daily basis and compound annually on the then outstanding loan balance);
- (iii) by signing and returning a limited recourse loan application, Dr MacLeman acknowledges and agrees that the Loan Shares will be subject to a holding lock imposed by the Company's share registry and that the Loan Shares cannot be transferred, encumbered, otherwise disposed of, or have a security interest granted over it, by or on behalf of Dr MacLeman until the Loan is repaid in full to the Company;
- (iv) the Loan becomes repayable on (**Repayment Date**) the earliest of:
 - a) 7 years from the date on which the loan is advanced to the Participant;
 - b) 90 days after the date of Dr MacLeman's cessation of employment; or
 - c) six months after Dr MacLeman ceases to be an employee of the Company due to his death (repayable by the legal personal representative of Dr MacLeman);
- (v) notwithstanding paragraph (iv) above, Dr MacLeman may repay all or part of the Loan at any time before the Repayment Date (upon the basis that repayment does not alter the vesting dates); and
- (vi) the Loan will be limited recourse such that on the Repayment Date the repayment obligation under the Loan will be limited to the lesser of
 - a) the outstanding balance of the Loan and
 - b) the market value of the Loan Shares on that date (being the closing price on the ASX on that day).

In addition, where Dr MacLeman has elected for the Loan Shares to be provided to the Company in full satisfaction of the Loan, the Company must accept the Loan Shares as full settlement of the repayment obligation under the Loan.

(b) Rights attaching to Loan Shares

The Loan Shares will rank equally with all other fully paid ordinary shares on issue in the capital of the Company. Holders of these Loan Shares will be entitled to exercise all voting rights attaching to the Loan Shares in accordance with the Company's constitution. In addition, holders of these Loan Shares will be entitled to participate in dividends declared and paid by the Company in accordance with the Company's constitution.

(c) Sale of Loan Shares

The Loan Shares may only be sold by Dr MacLeman where the Loan Shares have vested and the Loan, or the unpaid outstanding part of it (if it has been partially repaid), has been repaid

in full (otherwise any dealing by Dr MacLeman in the Loan Shares is prohibited without the prior written consent of the Company).

If the Loan becomes due and payable under the Loan Agreement and Dr MacLeman has not repaid the outstanding amount of the Loan in full within 21 days of the Repayment Date, then Dr MacLeman will forfeit his interest in the Loan Shares as full consideration for the repayment of the outstanding loan balance and the Company may either (at its election) take such action in Dr MacLeman's name or direct that Dr MacLeman take such action in relation to the Loan Shares as the Company considers appropriate, which may include but is not limited to the Company undertaking a buy-back of the Loan Shares or selling the Loan Shares.



IDT Australia Limited
ABN 66 006 522 970

LODGE YOUR VOTE

-  **ONLINE**
www.linkmarketservices.com.au
-  **BY MAIL**
IDT Australia 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: 1300 554 474 Overseas: +61 1300 554 474



X99999999999

PROXY FORM

I/We being a member(s) of IDT Australia 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

STEP 1

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 **10:00am (AEDT) on Thursday, 19 November 2015 at 45 Wadhurst Drive, Boronia, Victoria, 3155 (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

STEP 2

Resolutions	For	Against	Abstain*		For	Against	Abstain*	
1 Adoption of Remuneration Report (advisory only)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5	Re-election of Mr Reo Shigeno	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Election of Mr Alan Fisher	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6	Approval of Increased Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Election of Mr Hugh Burrill	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7	Approval of Issue of Shares and provision of Loan to Dr Paul MacLeman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Re-election of Mr Graeme Kaufman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<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 SECURITYHOLDERS – THIS MUST BE COMPLETED

Securityholder 1 (Individual)	Joint Securityholder 2 (Individual)	Joint Securityholder 3 (Individual)
<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder'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).

STEP 3



HOW TO COMPLETE THIS SECURITYHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's security register. If this information is incorrect, please make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your securities 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 securityholder 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 securities 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 securities 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 security 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 securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; 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 securityholder 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 security 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 **10:00am (AEDT) on Tuesday, 17 November 2015**, 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, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MAIL

IDT Australia 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.**