



AUSTRALIAN SMALL SCALE OFFERINGS BOARD LIMITED ABN 21 109 469 383

NOTICE OF GENERAL MEETING

A general meeting of the shareholders of **AUSTRALIAN SMALL SCALE OFFERINGS BOARD LIMITED ACN 109 469 383** will be held at **Suite 1401, Level 14, The Rocket, 203 Robina Town Centre Drive, Robina QLD 4230** on **Wednesday 8 April 2015** at a time of **2:00pm AEST** for the purpose of transacting the following business.

BUSINESS

RESOLUTION 1: Withdrawal of Listing on NSX

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

"That, for the purpose of NSX Listing Rule 2.25, and for all other purposes the directors of the Company are authorised to withdraw the listing of the Company from the official list of the National Stock Exchange of Australia Limited".

NB: For this resolution to be passed, at least 75% of the votes cast must be in favour.

RESOLUTION 2: Fully Focus on Licensing Revenue Streams

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

"That the directors of the Company are authorised to fully focus the Company's business on selling licences and charging for knowledge transfer on a national and international basis.

NB: For this resolution to be passed, at least 51% of the votes cast must be in favour.

By order of the board

Anthony Puls

Chairman

4 March 2015

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EXPLANATORY NOTES

The information is provided to assist shareholders in their decision as to how to vote in respect of the resolutions to be put to the meeting. The Directors of the company encourage all shareholders to read the notice of meeting and these notes in full before deciding how to vote in respect of the resolution to be put to the meeting.

A proxy form has been provided to all shareholders that can be used to appoint a representative, known as a proxy, to vote on behalf of the shareholder at the meeting. All shareholders are encouraged to attend the meeting or, if they are unable to attend in person, to complete, sign and return the proxy form to the company.

A shareholder can still attend the meeting in person even if a proxy form has been lodged.

Shareholders with any doubt as to how to vote at the meeting are strongly encouraged to obtain their own independent advice from an accountant, lawyer, stockbroker or other adviser.

ITEMS OF BUSINESS

1. INTRODUCTION

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting to be held at **Suite 1401, Level 14, The Rocket, 203 Robina Town Centre Drive, Robina QLD 4230** on **Wednesday 8 April 2015** at a time of **2:00pm AEST** to assist shareholders in determining how they wish to vote on the proposed resolution to delist the Company. This Explanatory Statement should be read in conjunction with the Notice of Meeting and forms part of the Notice of Meeting.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolution in the Notice of Meeting.

2. RESOLUTION 1: WITHDRAWAL OF LISTING ON NSX

2.1 Summary

The Board of the Company has come to the conclusion that it is in the interests of the Company and its shareholders to seek the withdrawal of the Company from the official list of the NSX. Upon withdrawal, the Company's shares will cease altogether to be quoted by NSX and will not be able to be traded through the market operated by NSX.

This Explanatory Statement refers to this proposal, and resulting status as 'delisting' or 'unlisted' respectively.

Listing Rule 2.25 allows NSX to remove an entity from trading from its official list at the request of the listed entity.

This proposal requires approval of the Company's shareholders, by special resolution.

The predominant factors which have resulted in the Board seeking shareholder approval for the delisting of the Company are as follows:

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- a) The delisting of the company will result in saving on NSX fees (and associated professional fees) and management time relevant to a NSX listed company.
- b) The Listing on NSX provides little liquidity for the shares in Australian Small Scale Offerings Board Limited.
- c) In the opinion of the Board, the Listing on NSX provides little or no benefit to Australian Small Scale Offerings Board Limited or its shareholders.
- d) Other small listed companies have gone down a similar delisting approach for similar reasons to those set out above.

In deciding to put the delisting proposal to shareholders, the Board has carefully considered what it regards are the actual and potential advantages, disadvantages and alternatives to this proposal discussed below.

Key Dates

4 March 2015: Notices of General Meeting Issued

8 April 2015: Shareholder Meeting

6 May 2015: Delist from the NSX (assuming shareholder approval is obtained).

The Board has considered a number of alternatives to the current delisting proposal and has concluded that delisting from the NSX provides the best way forward for the Company. Alternatives to the delisting considered include:

(a) Maintain Status Quo

The Company has considered numerous capital raising alternatives as a listed entity including a rights issue, placement or share purchase plan or a combination of them, however none of these were viewed as capable of providing the substantial required funding in the current financial climate at a sufficiently reasonable price.

Hence the Board has taken the view that maintaining the status quo will not facilitate meaningful capital raising to allow us to effectively unlock the underlying value and so provide sufficient liquidity for our shareholders.

(b) Backdoor Listing

The Company could allow itself to be used as a backdoor listing "shell" by another entity seeking to be listed. However, such processes rarely ascribe any value to the underlying assets of the "shell" vehicle aside from the value of the shell itself and in any event take some time to implement.

The Board recognises that the individual circumstances of shareholders or the potential existence of other factors relevant to each shareholder may also affect the extent of the importance of the following and encourages shareholders to seek independent financial or legal advice if they are in any doubt about the proposal and its effect on them.

2.2 Reasons for the proposal to delist

(a) Maximising shareholder value in the current global economic crisis

The Company completed a back door listing on the NSX six years ago. This provided the Company with a public market for its securities and a perpetual valuation mechanism for the Company's assets. In addition, the most important advantage in seeking the NSX listing was access to funding from the public market.

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In the six years since listing the Company has evaluated its business model and raised only limited equity. At this critical point however, the Board is of the opinion that the cost of continuing to operate a listed public company is not justified for Australian Small Scale Offerings Board Limited.

It is the Board's view that if the Company is unlisted, it will not diminish its access to private investors.

(b) Lack of a liquid market for the Company's shares

Since listing and trading of the Company securities has only occurred 17 times between 8 May 2009 and 11 April 2014. These are very low levels of liquidity. No research analyst follows the Company's shares.

The general lack of liquidity makes it difficult for shareholders to sell (or buy) anything other than small parcels of shares, particularly if they are seeking to realise meaningful value without placing excessive downward pressure on the Company's share price. Based on the preceding factors the Directors now consider that market liquidity for the Company's shares is unlikely to improve in the short to medium term.

(c) Cost of public listing

While listed, the Company continues to incur direct and indirect costs, including payment of NSX and associated fees in the order of approximately \$18,000 per annum. In addition there are indirect costs associated with the need to devote management time attending to listing related matters which could be directed elsewhere if the Company was unlisted.

Although the Board has considered a number of alternatives to the current delisting proposal the Board has concluded that delisting from the NSX, while retaining the public company status, provides the most optimal way forward for the Company.

2.3 Effect of Delisting

The Board recognises that there are various disadvantages of delisting which need to be taken into account:

(a) Inability to trade the Company's shares

If the Company is unlisted, shareholders will no longer have the ability to buy and sell shares on the NSX.

This means that there will no longer be a readily accessible market and mechanism to buy and sell the Company's shares. Shares will only be able to be sold by way of private transaction. There will be difficulties finding a buyer for shares if shareholders wish to sell them.

There are also restrictions under the Corporations Act on a potential buyer's ability to make unsolicited offers to buy shares from a shareholder (section 1019C and following). These requirements for example, impose an obligation on a potential purchaser in an unlisted context to provide a fair estimate of the value of the shares and an explanation of the basis on which that estimate was made.

(b) Removal of NSX Listing Rules Protection

The NSX Listing Rules will cease to apply to the Company once delisted and shareholders will not have the benefit of protections inherent in the NSX Listing Rules. These include restrictions relating to:

- Disclosures on issuing of shares and other securities (Listing Rule 6)

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- The ability of the Company in certain circumstances to issue more than 15% of its existing capital in a 12 month period (Listing Rule 6.25)
- Acquiring or disposing of substantial assets from or to, or the issue of securities in the Company to, related parties of the Company (Listing Rules 6.43) and
- Making significant changes to the nature or scale of the Company's activities (Listing Rule 6.34).

However, shareholders will continue to have the protections applicable to public companies under the Corporations Act, including those set out in the section below.

(c) Restriction on Public Capital Raising

If the Company is unlisted, there are limitations on the Company's ability to raise funds quickly and simply. Although this is in the first instance a Company concern, if the Company is unable to raise funds under certain circumstances, this may impact on the Company and in turn affect the value of shares in the Company or price at which capital may be raised.

Fundraising alternatives without the issue of a prospectus such as a rights issue or a share purchase plan are not available to unlisted companies. Nor can the Company raise funds using a "limited disclosure" prospectus under section 713 of the Corporations Act to raise funds. Accordingly, the main means for the Company as a listed entity to raise funds is by way of a full prospectus (which has certain timing and financial costs associated with it) or by way of placement.

As an unlisted entity, the Company may raise funds without a prospectus by way of placement in the usual fashion such as to sophisticated or professional investors. However, in such circumstances those investors may not on-sell their shares to retail investors within 12 months of subscribing for their shares, thereby discouraging certain potential investors. In other words, the "cleansing notice" provisions allowing on-sales are not open to unlisted entities. In a practical sense, new investors are likely to be subject to a form of 12 month effective escrow following a share issue to them.

(d) Loss of Value from Listing

There is an inherent value in an entity that is listed. This is because the process of becoming listed has certain costs associated with it. If the Company delists, shareholders will lose this inherent value in being listed. However it is difficult to ascertain the value inherent in being listed.

(e) Other

There are potentially other disadvantages from not being listed, including the fact that some people apply a higher valuation multiple to listed entities. In addition, each of the sale of unmarketable parcel procedures, the on-market buyback procedures and the minimum holding buyback procedures are not available in an unlisted environment.

2.4 Effect of Delisting Plans

The Board recognises that the inability for shareholders to sell shares on NSX if the Company is delisted may be a significant disadvantage to shareholders. However the Board considers that the advantages of the proposal outweigh the disadvantages over the longer term, particularly since:

- The Board is confident that delisting will give rise to a greater cost reduction.
- In an unlisted environment the Company expects to be able to negotiate with potential joint venturers or third parties based on potential rather than public market valuation.

If the Company becomes unlisted the following will be applicable:

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(a) Continuous disclosure

NSX Listing Rules will cease to apply to the Company following delisting. However under the Corporations Act, the Company will remain an “Enhanced Disclosing Entity” so long as it has 100 or more shareholders.

While it is an Enhanced Disclosing Entity and in view of its current 173 shareholders, the Company will continue to be obliged to disclose under the Corporations Act, as soon as practicable to ASIC, equivalent information to that required to be disclosed to NSX under the continuous disclosure provisions of NSX Listing Rules (sections 111AF and 675).

The Company intends to disclose on its website all such matters which it discloses to ASIC as part of its commitment to shareholder disclosure obligations.

(b) General disclosure

The Company will not be required to report on (and Directors will not be obliged to announce) matters specifically required of listed companies including interests in securities in the Company held by directors, contracts pursuant to which directors are a party or entitled to a benefit, and details of emoluments of directors. However the Company will continue to be required to include in its financial reports details of new options over unissued shares granted to directors as part of their remuneration and shares issued to directors on exercise of those options.

To ensure information flows to shareholders and the public, the Company intends to continue to maintain its website and use this as the primary tool for providing updates regarding the project status and general Company activity.

(c) Accounts

Following delisting and while the Company remains an Enhanced Disclosing Entity, it will also be required to prepare financial reports (containing financial statements, and notes on those statements and a directors' declaration about them) and a director's report, similar to those the Company is currently obliged to prepare for each financial year and each half year. The half year financial report and the full year financial report must be audited.

(d) Share Certificates and Holding Statements

It is expected that at some time following delisting CHESS holding statements would be cancelled and replaced with Issuer Sponsored holding statements. Further information regarding security holdings and share registry services will be provided as it comes to hand. Shareholders should note that this exchange process will not directly result in any change to their actual shareholding.

(e) Other

The Company will remain a public company following delisting. Legal provisions relating to public companies will therefore continue to apply to the Company. For example, provisions in the Corporations Act designed to protect the interests of a public company's shareholders as a whole, by requiring shareholder approval for giving financial benefits to related parties that could endanger those interests, will continue to apply to the Company.

The rights and obligations of the Company, its directors and shareholders will continue to be governed by the Company's existing Constitution (unless amended by special resolution of shareholders). The Company will continue to be required to hold annual general meetings and shareholders will retain rights, including attending and voting at those meetings, which flow from holding shares in a public company. While the Company has more than 50 shareholders, the takeover

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law provisions in the Corporations Act regulating the acquisition of control over shares in the Company will continue to apply to the Company.

2.5 What Happens if the Proposal is not Approved

If the resolution is not approved, the Company will remain listed on the NSX and continue to incur the costs associated with being listed.

2.6 Trading After Delisting

As stated above, following delisting the Company's shareholders will not be able to buy and sell shares in the Company through the NSX. The rules in relation to the transfer, transmission and registration of unlisted shares are predominantly found in the Company's constitution (a copy of which is available by contacting the Company) and the Corporations Act. Below is a summary of the procedure which will generally need to be followed in order to transfer shares in the Company when it is unlisted:

- Agreement between the buyer and seller on the shares to be sold, their sale price, and any other terms and conditions;
- Creation of a transfer instrument. This must be in writing and set out particulars of the relevant shares, be signed by or on behalf of the transferee and transferor, show the place of registration of the Company and state whether or not the transferee will hold the shares beneficially or non-beneficially upon registration;
- Payment of the agreed sale price in the manner agreed;
- Lodgement by the buyer of the transfer instrument with the Company for registration; and
- Registration of the transferee's interest in the Company's share register and issuance of holding statements to the new registered owner by the Company.

In order to save costs the Company will, following delisting, manage the register and communications with shareholders internally and may no longer use Boardroom Pty Ltd for this service.

3. RESOLUTION 2: FULLY FOCUS ON LICENSING REVENUE STREAMS

3.1 Summary

The NSX Listing Rule 6.41 requires ASSOB to provide full details to the NSX as soon as practicable of any proposed significant change to the nature or scale of its activities. The NSX may require the Company to:

- a. Provide additional information;
- b. Obtain approval of members for the change; or
- c. Meet the requirements of the NSX Listing Rules as if applying for a listing.

ASSOB is proactively seeking approval of members for the directors to fully focus on licensing revenue streams rather than continuing to focus on operating ASSOB's capital raising platform.

If resolution 1 Withdrawal of Listing from NSX is passed, and ASSOB subsequently delists, shareholder approval is not required for the change in its nature of activities.

A change in the nature of activities may affect the ability of the Company to gain tax deductions for carry forward losses, if the Company is unable to pass the continuity of ownership test included in income tax legislation during the period of incurring the loss and claiming the deduction.

As shareholders are no doubt aware, ASSOB has experienced a continual decline of both turnover and profitability since the Global Financial Crisis. This situation does not look like improving until there

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is regulatory change to more easily allow investors to invest in unlisted companies or ASSOBS find a cost effective way to market its capital raising platform.

Your Directors have been involved in many submissions and discussions with different government departments regarding regulatory changes in this area but in our estimation a change that will be beneficial to ASSOBS is at least two years away. The cost burden of being listed and not having the resources to recruit marketing personnel to increase deal-flow have kept the company on a continual decline.

Over the last seven years we have continually reduced costs, though not fast enough to match declining profitability. While our CEO and support staff were good servants at operating a compliant capital raising platform successfully they did not have the skills to market the Platform business to obtain more than organic growth. To achieve growth as a capital raising Platform the CEO needs to have deep connections into the start-up space and merchant banking experience would be required. In addition, business development staff would need to be recruited to support the CEO in this role.

3.2 Background to Fully Focusing on Licensing Revenue Streams

In 2012 your Directors licensed the ASSOBS Platform technology and expertise to the USA and this Platform is now operating successfully as Offerboard.com. While it is early days for the commencement of a material revenue stream from this sale, an income stream from OfferBoard.com has commenced. Your Directors believe this can be the beginning of many international licensed platforms.

The Company's reputation and expertise is more appropriate for sharing its platform processes and procedures rather than marketing the ASSOBS brand as a capital raising service. Many countries around the world admire the fact that ASSOBS has operated a capital raising platform for around 10 years without any documented cases of fraud. We have several countries interested in both our platform technology and the expertise that we are able to share. The Board and its present team see the future in further license sales of our platform and consultancy projects for those countries that choose to develop the platform software themselves but need guidance on the processes and procedures needed to run a compliant platform.

Licensing our platform provides both license fee income and consultancy income to the business and any staff employed in this area are on a performance basis so business growth here can be done from the low cost base ASSOBS will have after delisting.

US Platform Development Group Inc. has provided ASSOBS written authorisation to directly license the platform internationally, rather than licensing via a joint venture with US Platform Development Group, as was originally agreed in the subscription agreement.

3.3 Alternatives Considered

The Board has considered a number of alternatives to reduce our costs and grow our revenue:

(a) Maintain Status Quo:

This would require the employment of a team of executives with hands on capital raising experience and deep connections into the start-up and early growth segments. The Company does not have the resources to achieve this objective.

(b) Market our Technology and expertise:

This option can be implemented immediately as this is the area of major experience for ASSOBS. Licenses, like the successful sale to US Platform Development Group Inc. in the U.S. would be sold to

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operators in different jurisdictions around the world. In addition an Australian license can be sold to an organisation with experience in larger deals and equity markets.

3.4 Reasons for Fully Focusing on Licensing Revenue Streams

(a) Maximising shareholder value in the global economic conditions

To continue operating a capital raising platform in Australia with existing resources will keep the company on a declining path. The Directors believe, and even a World Bank Equity Crowdfunding report highlightsⁱ, that our ten years experience is valuable. The Company's directors believe this is the best path towards maximising shareholder value in the current global economic conditions. Report can be obtained here: http://www.infodev.org/infodev-files/wb_crowdfundingreport-v12.pdf

(b) Mismatch of resources

ASSOB has personnel that are operational and experienced at running a compliant platform. The Company does not have staff with the right connections and experience for growing deal-flow. The Company does not have sufficient resources to re-staff in order to gain the expertise to grow deal-flow.

3.4 What Happens if the Proposal is not Approved

If Resolution 1, Withdrawal of Listing from NSX is approved, the directors will not require shareholder approval to implement the change of focus to licensing revenue streams and intend to make this change. If **both** Resolution 1, Withdrawal of Listing from NSX, **and** Resolution 2, Focus on Licensing Revenue Streams are **not** approved, the Company will continue to operate as present. If Resolution 1 is passed and Resolution 2 is not passed, the Directors intend to focus on licensing revenue streams following the withdrawal of listing from NSX as they believe this is the most viable course of action for the Company.

3.5 Financial Information

The yearly financial report of the company as at 30 June 2014 is on the company's website at <http://www.nsxa.com.au/ftp/news/021729163.PDF>.

4. DIRECTORS' RECOMMENDATION

Each of your Directors' recommends that shareholders vote in favour of both Resolutions.

Each of your Directors intends to vote shares in the Company in which they have an interest in favour of both Resolutions.

5. ENQUIRIES

Shareholders are requested to contact the Company's Chairman Anthony Puls on 0400 250 259 if they have any queries in respect of the matters set out in these documents.

ENDS
