

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

MACH7 TECHNOLOGIES LIMITED (the "Company")

ABN

26 007 817 192

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|--|
| 1 | +Class of +securities issued or to be issued | Fully paid ordinary shares (Shares). |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 41,667 Shares are issued pursuant to the Company's employee incentive plan (Incentive Shares).

<i>Note: The Company is also seeking quotation under this Appendix 3B of 5,874,817 restricted shares following the end of their escrow period on 18 Feb 17 – refer to sections 38-42 of this Appendix 3B (Escrowed Shares). The Escrowed Shares are not included in this section 2 as they are already on issue.</i> |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares. |
| 4 | Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:
• the date from which they do | The Shares will be quoted and will rank equally with all other ordinary shares on issue in the Company. |

+ See chapter 19 for defined terms.

	<ul style="list-style-type: none"> the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	
5	Issue price or consideration	The Incentive Shares are issued for nil cash consideration, at a deemed issue price of \$0.36 per Share (which is based on the volume weighted average price of Mach7 Shares for the month of January 2017).
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	The Incentive Shares are issued under the Company's employee incentive plan, which is designed to incentivise and reward employees who are integral to the ongoing success of the Company.
6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h <i>in relation to the +securities the subject of this Appendix 3B</i> , and comply with section 6i	Yes
6b	The date the security holder resolution under rule 7.1A was passed	7 December 2016
6c	Number of +securities issued without security holder approval under rule 7.1	N/A
6d	Number of +securities issued with security holder approval under rule 7.1A	N/A
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A
6f	Number of +securities issued under an exception in rule 7.2	41,667 Incentive Shares are issued under Exception 9 in ASX Listing Rule 7.2

6g If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.

N/A

6h If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements

N/A

6i Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements

See Annexure 1

7 +Issue dates

Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.

Cross reference: item 33 of Appendix 3B.

20 February 2017

	Number	+Class
8 Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	74,053,895*	Fully paid ordinary shares

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	44,193,300	Ordinary Shares escrowed until 8 April 2017
	28,856,738	Performance Shares escrowed until 8 April 2017
	1,143,261	Performance Shares (non-escrowed)
	100,000	Unlisted LTIP options exercisable at \$1.00, vesting on 8 April 2017, expiring 8 April 2020

* ***This figure includes the 5,874,817 Escrowed Shares which were released from escrow on 18 February 2017. The Company is applying for quotation of the Escrowed Shares under Part 3 of this Appendix 3B.***

+ See chapter 19 for defined terms.

475,000	Unlisted LTIP options exercisable at \$1.00, vesting on 8 April 2018, expiring 8 April 2021
125,000	Unlisted LTIP options exercisable at \$1.00, vesting on 9 December 2018, expiring 9 December 2021
1,080,017	Unlisted LTIP options exercisable at \$0.41, vesting on 27 January 2018, expiring 27 January 2022
1,080,002	Unlisted LTIP options exercisable at \$0.41, vesting on 27 January 2019, expiring 27 January 2022
1,079,981	Unlisted LTIP options exercisable at \$0.41, vesting on 27 January 2020, expiring 27 January 2022

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

N/A

Part 2 - Pro rata issue

11 Is security holder approval required?

N/A

12 Is the issue renounceable or non-renounceable?

N/A

13 Ratio in which the +securities will be offered

N/A

14 +Class of +securities to which the offer relates

N/A

15 +Record date to determine entitlements

N/A

16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?

N/A

17 Policy for deciding entitlements in relation to fractions

N/A

18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do security holders sell <i>part</i> of their entitlements through a	N/A

+ See chapter 19 for defined terms.

	broker and accept for the balance?	
32	How do security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	+Issue date	N/A

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of +securities
(tick one)

(a) +Securities described in Part 1

(b) All other +securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

38 Number of +securities for which +quotation is sought 5,874,817 Escrowed Shares

39	+Class of +securities for which quotation is sought	Fully paid ordinary shares	
40	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	Yes	
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another +security, clearly identify that other +security)</p>	End restriction period for 5,874,817 Escrowed Shares on 18 February 2017	
42	Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	Number	+Class
		74,053,895 [†]	Fully paid ordinary shares

[†] ***This figure includes the 41,667 Incentive Shares which are the subject of section 2 of this Appendix 3B.***

+ See chapter 19 for defined terms.

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Alyn Tai
Company Secretary
20 February 2017

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid ⁺ ordinary securities on issue 12 months before the ⁺ issue date or date of agreement to issue	433,411,595 (pre-consolidation)
<p>Add the following:</p> <ul style="list-style-type: none"> • Number of fully paid ⁺ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid ⁺ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid ⁺ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<ul style="list-style-type: none"> ▪ 459,499,119 shares on 8 April 2016 (pre-consolidation) ▪ 1,590,283 shares on 8 April 2016 (pre-consolidation) ▪ 42,000,000 shares on 6 May 2016 (pre-consolidation) ▪ 711,659 shares on 1 August 2016 (pre-consolidation) ▪ 8,895,739 shares on 16 August 2016 (pre-consolidation) ▪ 1,500,000 shares on 31 May 2016 (pre-consolidation) ▪ 4,650,600 shares on 2 September 2016 (pre-consolidation) ▪ 100,000,000 shares on 18 November 2016 (pre-consolidation) ▪ 33,153,137 shares on 22 November 2016 (pre-consolidation) ▪ 60,500,000 shares on 9 December 2016 (pre-consolidation) ▪ 29,879,073 shares on 28 December 2016 (pre-consolidation) <p><i>*The figures above are provided on a pre-consolidation basis. On 16 January 2017, the Company consolidated its securities on issue on a 10:1 basis.</i></p> <p><i>The total number of shares in the above list, including the number of shares on issue 12 months before the date of this Appendix 3B, was 117,579,208 (post-consolidation).</i></p> <ul style="list-style-type: none"> ▪ 41,667 shares on 20 February 2016 (on a post-consolidation basis)
Subtract the number of fully paid ⁺ ordinary securities cancelled during that 12 month period	Nil
“A”	117,620,875 on a post-consolidation basis

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	17,643,131
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of ⁺equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<ul style="list-style-type: none"> ▪ 2,134,146 shares (on a pre-consolidation basis) on 6 May 2016 (213,415 shares post consolidation) ▪ 3,141,760 shares (on a pre-consolidation basis) on 9 December 2016 (314,176 shares post consolidation) ▪ 987,291 shares (on a pre-consolidation basis) on 28 December 2016 (98,729 post consolidation)
“C”	626,320
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	17,643,131
<p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	626,320
Total [“A” x 0.15] – “C”	17,016,811 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	117,620,875
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	11,762,087
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of ⁺ equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	Nil
“E”	Nil
Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	11,762,087
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	Nil
Total [“A” x 0.10] – “E”	11,762,087 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.