

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).

- | | |
|--|---|
| <p>1 +Class of +securities issued or to be issued</p> | <p>1. Fully paid ordinary shares (Shares).</p> <p>2. Options to acquire fully paid ordinary shares (Options).</p> |
| <p>2 Number of +securities issued or to be issued (if known) or maximum number which may be issued</p> | <p>1. 1 Share.</p> <p>2. 200,000 Options.</p> |
| <p>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)</p> | <p>1. Terms of the Share</p> <p>The 1 Share issued under this Appendix 3B is a fully paid ordinary share in the Company.</p> <p>2. Terms of the Options</p> <p>The Options are issued under the Company's Long Term Incentive Plan which was approved by shareholders at the Company's 31 March 2016 Extraordinary General Meeting (LTIP).</p> <p>The Options are issued to the Company's employees (Employee Options) and will be exercisable into fully paid ordinary shares at \$0.41 each, at any time between the relevant vesting date and 10 March 2022. These Employee Options will vest and become exercisable into fully paid ordinary shares as follows:</p> |

+ See chapter 19 for defined terms.

- 66,667 Employee Options will vest on 10 March 2018.
- 66,667 Employee Options will vest on 10 March 2019.
- 66,666 Employee Options will vest on 10 March 2020.

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 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

1. The Share will be quoted and will rank equally with all other ordinary shares on issue in the Company.
2. The Options will not be quoted or rank equally with any class of quoted securities. However, fully paid ordinary shares issued on the exercise of the Options will be quoted. From the date of issue of those shares, the shares will rank equally with all other ordinary shares then on issue in the Company

5 Issue price or consideration

1. The Share is issued for nil cash consideration, upon conversion of the Class C Performance Shares into 1 fully paid ordinary share.
2. The Options are issued for nil cash consideration.

6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)

1. As part of the consideration payable to the vendors of the Mach7 business (**Mach7 Vendors**) which the Company acquired in 2016, the Mach7 Vendors received performance shares, including Class C Performance Shares. The Class C Performance Shares were to be converted 1 for 1 into fully paid ordinary shares, subject to the achievement of prescribed revenue targets for the 2016 calendar year. As the prescribed target was not met, in accordance with the terms of the Performance Shares, all Class C Performance Shares have converted into one single ordinary share which has been issued to a representative of the Mach7 Vendors.
2. The Options are issued under the Company's LTIP. The Options are designed to provide incentives to the holders, who are integral to the ongoing success of the Company.

6a	<p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h <i>in relation to the +securities the subject of this Appendix 3B</i>, and comply with section 6i</p>	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	<ol style="list-style-type: none"> 1. 200,000 Options are issued under Exception 9 in ASX Listing Rule 7.2. 2. 1 Share is issued under Exception 4 of ASX Listing Rule 7.2.
6g	<p>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.</p>	N/A
6h	<p>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</p>	N/A
6i	<p>Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements</p>	See Annexure 1

+ See chapter 19 for defined terms.

7	+Issue dates	10 March 2017
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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.

8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	Number	+Class
		74,053,896	Fully paid ordinary shares

9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	Number *	+Class
		44,193,300	Ordinary Shares escrowed until 8 April 2017
		24,047,282	Performance Shares escrowed until 8 April 2017
		952,718	Performance Shares (non-escrowed)
		100,000	Unlisted LTIP options exercisable at \$1.00, vesting on 8 April 2017, expiring 8 April 2020
		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

* Note: the 4,999,999 Class C Performance Shares (consisting of 190,543 unrestricted Performance Shares and 4,809,456 Performance Shares escrowed until 8 April 2017) have converted into the 1 Share the subject of this Appendix 3B.

	on 27 January 2020, expiring 27 January 2022
66,667	Unlisted LTIP options exercisable at \$0.41, vesting on 10 March 2018, expiring 10 March 2022
66,667	Unlisted LTIP options exercisable at \$0.41, vesting on 10 March 2019, 10 March 2022
66,666	Unlisted LTIP options exercisable at \$0.41, vesting on 10 March 2020, expiring 10 March 2022

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

+ See chapter 19 for defined terms.

18	Names of countries in which the entity has security holders who will not be sent new offer documents	N/A
	<p>Note: Security holders must be told how their entitlements are to be dealt with.</p> <p>Cross reference: rule 7.7.</p>	
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

	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

***The Company is only applying for quotation of the Share the subject of this Appendix 3B**

(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

+ See chapter 19 for defined terms.

39 +Class of +securities for which quotation is sought

39	+Class of +securities for which quotation is sought	N/A
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40 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 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

40	Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?	N/A
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41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another +security, clearly identify that other +security)

41	Reason for request for quotation now	N/A
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42	Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	Number	+Class
		N/A	N/A

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
10 March 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 on a post-consolidation basis.</i></p> <ul style="list-style-type: none"> ▪ 41,667 shares on 20 February 2016 (on a post-consolidation basis) ▪ 1 share on 10 March 2017 (on a post-consolidation basis)
Subtract the number of fully paid ⁺ ordinary securities cancelled during that 12 month period	Nil
“A”	117,620,876 on a post-consolidation basis

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>

+ See chapter 19 for defined terms.

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>	117,620,876
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 <i>Notes:</i> <ul style="list-style-type: none"> • This applies to equity securities – not just ordinary securities • Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed • 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 • It may be useful to set out issues of securities on different dates as separate line items 	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>