

### 3. Why the current board of directors (Mr Usasz, Mr Evans, Mr Fuller, Ms Aquilina) should be replaced.

The Convening Shareholders have 3 reasons why the current board of directors should be replaced:





#### 3.1 Share price track record

##### Smiles shares have fallen 97% since listing in April 2018

Event	Date	Issue Price (per share)	Trend in Issue Share Price	Decrease in Price vs Prior Issue Price
Share price at IPO	April 2018	\$1.00		
Share placement	June 2019	14 cents	↓	<b>(86%)</b>
Rights issue	October 2019	5 cents	↓	<b>(64%)</b>
Share placement	March 2020	3.8 cents	↓	<b>(38%)</b>
Share issue	June 2020	2.5 cents	↓	<b>(34%)</b>




#### 3.2 Governance track record

##### Smiles has been subject to 10 ASX Queries since listing in April 2018, 90% of them since Mr Usasz became Chairman

Number of ASX queries since:		
Mr Usasz appointed Chairman	9	
Mr Fuller appointed a Director	9	
Mr Evans appointed a Director	10	
Ms Aquilina appointed a Director	4	

#### 3.3 Cash burn track record

##### Smiles continues to (burn) through operating cash

Cash Burn	\$	
12 months to June 2019	<b>(7.1 million)</b>	
12 months to June 2020	<b>(5.7 million)</b>	
1 month to July 2020	<b>(\$560,000)</b>	

Source: ASX Announcements, SIL, Appendix 4Cs

In the circumstances, the Convening Shareholders believe that SIL's board has failed to act in the Shareholders' best interests and accordingly, the Company's board should be entirely refreshed. The upcoming Meeting provides all Shareholders with the opportunity to elect new directors to the board of SIL that will work in the best interests of all Shareholders, ensure that the cash bleeding cease.