



**EXOPHARM LIMITED
[ACN 163 765 991]**

NOTICE OF GENERAL MEETING

EXPLANATORY MEMORANDUM

PROXY FORM

TIME: 2:30pm Melbourne time

DATE: Monday 9th September 2019

PLACE: The offices of William Buck, Level 20, 181 William Street, Melbourne VIC 3000

EXOPHARM LIMITED
ACN 163 765 991
NOTICE OF GENERAL MEETING

Notice is given that a General Meeting (the **Meeting**) of Exopharm Limited (the **Company** or **Exopharm**) will be held at the offices of William Buck, Level 20, 181 William Street, Melbourne VIC 3000 on Monday 9th September 2019 at 2:30pm Melbourne time.

Further details in respect of each of the Resolutions proposed in this Notice of General Meeting (**Notice**) are set out in the Explanatory Memorandum (the **Memorandum**) accompanying this Notice. The details of the Resolutions contained in the Memorandum should be read together with, and form part of, this Notice.

GENERAL BUSINESS

RESOLUTION 1: RATIFICATION OF A PRIOR ISSUE OF SHARES

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

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders ratify the prior issue of 11,900,000 fully paid ordinary shares at an issue price of \$0.37 (37 cents) per share, as described in the Memorandum which accompanied and formed part of this Notice.”

Voting Exclusion

The Company will disregard votes cast in favour of this Resolution by or on behalf of any person who participated in the issue or any associates of that person.

However, the Company need not disregard a vote if it is cast by:

- *a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or*
- *the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.*

RESOLUTION 2: APPROVAL TO ISSUE SHARES TO A DIRECTOR – JASON WATSON

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

“That for the purposes of ASX Listing Rule 10.11 and all other purposes, shareholders approve the issue of 100,000 fully paid ordinary shares at an issue price of \$0.37 (37 cents) per share to Jason Watson, a Director of the Company (and/or his nominee(s)), as described in the Memorandum which accompanied and formed part of this Notice.”

Voting Exclusion

The Company will disregard votes cast in favour of this Resolution by or on behalf of Jason Watson and/or his nominee(s) and any of his associates.

However, the Company need not disregard a vote on this Resolution if it is cast by:

- *a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or*
- *by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.*

Dated: 8th August 2019

By the order of the Board



David Parker
Company Secretary

The accompanying Memorandum and the Proxy and Voting Instructions form part of this Notice.

PROXY AND VOTING INSTRUCTIONS

Proxy Instructions

A member who is entitled to vote at a meeting may appoint:

- one proxy if the member is only entitled to one vote; and
- one or two proxies if the member is entitled to more than one vote.

Where more than one proxy is appointed each proxy may be appointed to represent a specific proportion of the member's voting rights. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes in which case any fraction of votes will be disregarded.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be lodged with the Company's share registry not less than 48 hours before the time for holding the Meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

The proxy form must be signed by the member or his/her attorney duly authorised in writing or, if the member is a corporation, in a manner permitted by the Corporations Act. A proxy given by a foreign corporation must be executed in accordance with the laws of that corporation's place of incorporation.

The proxy may, but need not, be a member of the Company.

A proxy form is attached to this Notice.

If you sign the proxy form and do not appoint a proxy, you will have appointed the Chair of the meeting as your proxy.

Corporate Representatives

Any corporation which is a member of the Company may authorise (by certificate under common seal or other form of execution authorised by the laws of that corporation's place of incorporation, or in any other manner satisfactory to the chairperson of the Meeting) a natural person to act as its representative at any general meeting.

Voting Entitlement

For the purposes of the Corporations Act and Corporations Regulations shareholders entered on the Company's Register of Members as at 7:00pm Melbourne, Victoria time on 7th September 2019 are entitled to attend and vote at the Meeting.

On a poll, members have one vote for every fully paid ordinary share held. Holders of options are not entitled to vote.

How the Chair Will Vote Undirected Proxies

Subject to the restrictions set out below, the Chair of the Meeting will vote undirected proxies in favour of all of the proposed resolutions.

EXOPHARM LIMITED
ACN 163 765 991
(the **Company** or **Exopharm**)

EXTRAORDINARY GENERAL MEETING
EXPLANATORY MEMORANDUM

PURPOSE OF INFORMATION

This Explanatory Memorandum (**Memorandum**) accompanies and forms part of the Company's Notice of General Meeting (**Notice**) for the General Meeting (**Meeting**) to be held at the offices of William Buck, Level 20, 181 William Street, Melbourne VIC 3000 on 9th September 2019 at 2:30pm Melbourne time.

The Notice incorporates, and should be read together, with this Memorandum.

BACKGROUND TO RESOLUTIONS

On 24 July 2019, the Company announced that it had received commitments for a placement of an aggregate of 12,000,000 fully paid ordinary shares in the Company (**Placement Shares**) at an issue price of \$0.37 (37 cents) to raise \$4,440,000 before costs (**Placement**).

On [1 August 2019, the Company issued 11,900,000 of the Placement Shares to professional and sophisticated investors who were clients of or introduced by Alto Capital and CPS Capital, existing shareholders and employees, each of whom did not require disclosure under Chapter 6D of the Corporations Act. None of the recipients of these Placement Shares were related parties of the Company. An Appendix 3B for the issue of these Placement Shares was released to ASX the same day 2019.

Resolution 1 seeks shareholder ratification of the prior issue of the 11,900,000 Placement Shares.

In addition, and as announced on 24 July 2019, Jason Watson, the Chairman and a Director of the Company, applied for 100,000 Placement Shares on the same terms as the other participants in the Placement. As James Watson is a related party of the Company the issue of these 100,000 Placement Shares to him (and/or his nominee(s)) is subject to shareholder approval.

Resolution 2 seeks shareholder approval for the issue of 100,000 Placement Shares to Jason Watson (and/or his nominee(s)).

The Company is also undertaking a share purchase plan (**SPP**) to eligible shareholders in Australia and New Zealand to raise \$2,775,000. None of the Resolutions in the Notice relate to the SPP.

RESOLUTION 1 – RATIFICATION OF A PRIOR ISSUE OF SHARES

Resolution 1 seeks shareholder ratification pursuant to ASX Listing Rule 7.4 for the prior issue of 11,900,000 of the Placement Shares at an issue price of \$0.37 (37 cents) per Placement Share as described above.

The 11,900,000 Placement Shares the subject of Resolution 1 were issued without shareholder approval under ASX Listing Rule 7.1. ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any twelve (12) month period any equity securities, or other securities with rights to conversion to equity, if the number of those securities exceeds 15% of the share capital of the Company at the commencement of that twelve (12) month period.

ASX Listing Rule 7.4 provides that where a company's shareholders ratify the prior issue of securities made pursuant to ASX Listing Rule 7.1 (provided that the previous issue of securities did not breach ASX Listing Rule 7.1) those securities will be deemed to have been issued with shareholder approval for the purposes of ASX Listing Rule 7.1. The Company seeks approval under Listing Rule 7.4 to refresh its capacity to make further issues without shareholder approval under Listing Rule 7.1.

The following information is provided in accordance with the requirements of ASX Listing Rule 7.5:

- (a) The total number of securities issued was 11,900,000 fully paid ordinary shares (Placement Shares) in the Company.
- (b) The price at which the Placement Shares were issued was \$0.37 (37 cents) each.
- (c) The Placement Shares have the same terms and rights as, and rank equally with, the Company's existing listed fully paid ordinary shares.
- (d) The shares were issued to professional and sophisticated investors who were clients of or introduced by Alto Capital and CPS Capital, existing shareholders and employees, each of whom did not require disclosure under Chapter 6D of the Corporations Act. None of the recipients of these Placement Shares were related parties of the Company.
- (e) Funds raised by the issue of these Placement Shares have been, or will be, applied to accelerating the Company's development activities across manufacturing, testing and development of additional intellectual property – each aimed at validating the Company's products and technologies and attracting partnership deals.
- (f) A voting exclusion is contained in the Notice accompanying this Memorandum.
- (g) The Directors unanimously recommend shareholders vote in favour of this Resolution 1.

RESOLUTION 2 – APPROVAL TO ISSUE SHARES TO A DIRECTOR – JASON WATSON

Resolution 2 seeks shareholder approval for Jason Watson, a Director of the Company (and/or his nominee(s)), to be issued 100,000 of the Placement Shares at an issue price of \$0.37 (37 cents) per share (being issue price of all shares under the Placement).

For the avoidance of doubt, the 100,000 Placement Shares proposed to be issued to Jason Watson form part of, and are not in addition to, the total of 12,000,000 Placement Shares.

Corporations Act

Section 208 of the Corporations Act provides that a public company must not, subject to certain exceptions, give a financial benefit to a related party without approval of the company's members.

Section 228 of the Corporations Act defines a "related party" for the purposes of Chapter 2E to include:

- directors of the public company (section 228(2)(a)); and
- an entity controlled by directors of the public company (section 228(4)).

Jason Watson is a Director of the Company and is therefore a related party of the Company for the purposes of Chapter 2E of the Corporations Act.

A “financial benefit” is defined in section 229 of the Corporations Act and includes the issue of fully paid ordinary shares to a related party.

Section 210 of the Corporations Act provides an exception to the requirement to obtain shareholder approval for giving a financial benefit to a related party, where the financial benefit is on terms that would be reasonable in the circumstances if the public company and the related party were dealing at arm’s length.

The Company considers the proposed issue of Placement Shares to Jason Watson (and/or his nominee(s)) the subject of Resolution 2 will be made on arm’s length as the Placement form part of, and are on the same terms as, the issue of Placement Shares to investors who are not related parties of the Company (refer to the explanatory text for Resolution 1 set out in this Memorandum).

As such, the Company considers that the proposed issue of Placement Shares to Jason Watson (and/or his nominee(s)) falls within the exception set out in section 210 of the Corporations Act.

The nature of the financial benefit to be given to Jason Watson is the interest in the Placement Shares subscribed for by Jason Watson (and/or his nominee(s)).

ASX Listing Rules

ASX Listing Rule 10.11 requires a company to obtain shareholder approval by ordinary resolution prior to the issue of securities to a related party of the company. For the purpose of Listing Rule 10.11, a related party includes a Director of the company, an entity over which a Director has control and an entity which ASX believes, or has reasonable grounds to believe, is likely to become a related party of the company in the future.

Shareholder approval is being sought under Listing Rule 10.11 and as such approval is not required under ASX Listing Rule 7.1.

ASX Listing Rule 10.13 requires the meeting documents concerning a proposed resolution to approve an issue of securities in accordance with ASX Listing Rule 10.11 must include the following information:

- (a) Fully paid ordinary shares (Placement Shares) under Resolution 2 will be issued to Jason Watson, a Director of the Company (and/or his nominee(s)).
- (b) The maximum number of securities to be issued is 100,000 Placement Share.
- (c) Placement Shares will have an issue price of \$0.37 (37 cents) each.
- (d) Placement Shares the subject of this Resolution 2 will be issued and allotted no later than one (1) month after the date of the meeting (or such later date as may be permitted by an ASX waiver of the Listing Rules, the Corporations Act and/or the Australian Securities and Investment Commission).
- (e) A voting exclusion is contained in the Notice accompanying this Memorandum.
- (f) The Placement Shares will have an issue price of \$0.37 (37 cents) per Placement Share. Funds raised will be applied to accelerating the Company’s development activities across manufacturing, testing and development of additional intellectual property – each aimed at validating the Company’s products and technologies and attracting partnership deals.

- (g) The Directors (other than Jason Watson who abstains from making a recommendation on Resolution 2) recommend shareholders vote in favour of Resolution 2.

Note: unless otherwise specified all monetary amounts are expressed in Australia dollars.

If you are attending the meeting in person, please bring this with you for Securityholder registration.

[EntityRegistrationDetailsLine1Envelope]
[EntityRegistrationDetailsLine2Envelope]
[EntityRegistrationDetailsLine3Envelope]
[EntityRegistrationDetailsLine4Envelope]
[EntityRegistrationDetailsLine5Envelope]
[EntityRegistrationDetailsLine6Envelope]

Holder Number:
[HolderNumber]

Vote by Proxy: EX1

Your proxy voting instruction must be received by **2:30PM (AEST) ON SATURDAY 7 SEPTEMBER 2019**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

VOTING UNDER STEP 1 - APPOINTING A PROXY

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. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE 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 these 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 Voting Form, including where the Resolutions are 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 marking one of the boxes opposite each item of business. All your shares 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 shares 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 SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all of the Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.



