

Level 1, 888 Doncaster Road Doncaster East, Victoria, 3109 ACN: 136 765 991 https://exopharm.com/



Exopharm Limited

Notice of Extraordinary General Meeting

Explanatory Statement | Proxy Form

Thursday, 29 October 2020

11.00AM AEDT

Virtual Meeting

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

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Important Information for Shareholders about the Company's EGM

Given the uncertainty surrounding the COVID-19 pandemic, by the time this Notice is received by Shareholders, circumstances may have changed, however, this Notice is given based on circumstances as at 24 September 2020

Accordingly, should circumstances change, the Company will make an announcement on the ASX market announcements platform and on the Company's website at https://exopharm.com/. Shareholders are urged to monitor the ASX announcements platform and the Company's website.

Given the significant health concerns attributed to the COVID-19 pandemic, in addition to guidelines and restrictions issued by Australian state and federal governments, the Company considers that it is appropriate to hold the EGM as a virtual meeting, in a manner that is consistent with the temporary modifications to the *Corporations Act 2001* (Cth) introduced by the Commonwealth Treasurer.

Venue and Voting Information

The Extraordinary General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 11.00am (AEDT) on Thursday 29 October 2020 as a **virtual meeting**.

If you are a shareholder and you wish to virtually attend the EGM (which will be broadcast as a live webinar), please <u>pre-register</u> in advance for the virtual meeting here:

https://us02web.zoom.us/webinar/register/WN 8SOpr q8RTqofyRbyrzZuA

After registering, you will receive a confirmation containing information on how to attend the virtual meeting on the day of the EGM.

Shareholders will be able to vote and ask questions at the virtual meeting.

Shareholders are also encouraged to submit questions in advance of the Meeting to the Company.

Questions must be submitted in writing to the Company Secretary at sinead.teague@exopharm.com at least 48 hours before the EGM.

The Company will also provide Shareholders with the opportunity to ask questions during the Meeting in respect to the formal items of business as well as general questions in respect to the Company and its business.

Your vote is important

The business of the Extraordinary General Meeting affects your shareholding and your vote is important.

Voting virtually at the Meeting

Shareholders who wish to vote virtually on the day of the EGM will need to login to the Automic website (https://investor.automic.com.au/#/home) with their username and password.

Shareholders who do not have an account with Automic are strongly encouraged to register for an account as soon as possible and well in advance of the Meeting to avoid any delays on the day of the Meeting.

How do I create an account with Automic?

To create an account with Automic, please go to the Automic website

(https://investor.automic.com.au/#/home), click on 'register' and follow the steps. Shareholders will require their holder number (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) to create an account with Automic.

I have an account with Automic, what are the next steps?

Shareholders who have an existing account with Automic (Note: with a *username* and *password*) are advised to take the following steps to attend and vote virtually on the day of the EGM:

- Login to the Automic website (https://investor.automic.com.au/#/home) using your username and password.
- 2. (**Registration on the day**) If registration for the virtual meeting is open, click on 'Meeting open for registration' and follow the steps.

(Live voting on the day) If live voting for the virtual meeting is open, click on 'Meeting open for voting' and follow the steps.

For further information on the live voting process please see the **Registration and Voting Guide** at https://www.automicgroup.com.au/virtual-agms/

Voting by proxy

To vote by proxy, please use one of the following methods:

Online	Lodge the Proxy Form online at https://investor.automic.com.au/#/loginsah by following the instructions: Login to the Automic website using the holding details as shown on the Proxy Form. Click on 'View Meetings' – 'Vote'. To use the online lodgement facility, Shareholders will need their holder number (Securityholder Reference Number (SRN) or Holder Identification Number (HIN)) as shown on the front of the Proxy Form.
	For further information on the online proxy lodgment process please see the Online Proxy Lodgment Guide at https://www.automicgroup.com.au/virtual-agms/
By post	Automic, GPO Box 5193, Sydney NSW 2001
By hand	Automic, Level 5, 126 Phillip Street, Sydney NSW 2000

Your Proxy instruction must be received not later than 48 hours before the commencement of the Meeting. **Proxy Forms received later than this time will be invalid.**

Power of Attorney

If the proxy form is signed under a power of attorney on behalf of a shareholder, then the attorney must make sure that either the original power of attorney or a certified copy is sent with the proxy form, unless the power of attorney has already provided it to the Share Registry.

Corporate Representatives

If a representative of a corporate shareholder or a corporate proxy will be attending the Meeting, the representative should provide the Share Registry with adequate evidence of their appointment, unless this has previously been provided to the Share Registry.

Notice of Extraordinary General Meeting

Notice is hereby given that an Extraordinary General Meeting of Shareholders of Exopharm Limited ACN 163 765 991 will be held at 11.00am (AEDT) on Thursday 29 October 2020 as a **virtual meeting (Meeting)**.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Extraordinary General Meeting. The Explanatory Statement and the Proxy Form forms part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Extraordinary General Meeting are those who are registered Shareholders at 7:00pm (AEDT) on Tuesday 27 October 2020.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

Agenda

Ratification of Prior Issue of Tranche 1 Shares

1. **Resolution 1** – Ratification of Prior Issue of Tranche 1 Shares

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify the allotment and prior issue of 23,868,000 fully paid ordinary shares issued on 8 September 2020 and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 1 by or on behalf of:

- (a) a person who participated in the issue, which includes Dr Chris Baldwin, a KMP of the Company;
- (b) an Associate of that person or those persons.

However, this does not apply to a vote cast in favour of Resolution 1 by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (ii) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (iii) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Issue of Tranche 2 Shares

2. **Resolution 2** – Approval of Issue of Tranche 2 Shares

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution:**

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Shareholders of the Company approve the issue and allotment of 17,798,667 fully paid ordinary shares to sophisticated and institutional investors, and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 2 by or on behalf of:

- (a) a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- (b) an Associate of that person or those persons.

However, this does not apply to a vote cast in favour of Resolution 2 by:

- (i) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (ii) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (iii) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Issue of Shares and Options to Canary Capital

3. **Resolution 3** – Approval of Issue of Shares to Canary Capital

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Shareholders of the Company approve the issue and allotment of 2,000,000 fully paid ordinary shares to Canary Capital Pty Ltd, and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 3 by or on behalf of:

- (a) Canary Capital Pty Ltd, or a person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- (b) an Associate of that person or those persons.

However, this does not apply to a vote cast in favour of Resolution 3 by:

- (i) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- (ii) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (iii) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

4. **Resolution 4** – Approval of Issue of Placement Options

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Shareholders of the Company approve the issue and allotment of 1,500,000 unlisted options to Canary Capital Pty Ltd (**Placement Options**) and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of:

- (a) Canary Capital Pty Ltd, or a person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- (b) an Associate of that person or those persons.

However, this does not apply to a vote cast in favour of Resolution 4 by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (ii) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (iii) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

5. **Resolution 5** – Approval of Issue of Mandate Options

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

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Shareholders of the Company approve the issue and allotment of 3,000,000 unlisted options to Canary Capital Pty Ltd (**Mandate Options**) and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of:

- (a) Canary Capital Pty Ltd, or a person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- (b) an Associate of that person or those persons.

However, this does not apply to a vote cast in favour of Resolution 5 by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (ii) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (iii) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Issue of Shares to Chris Baldwin

6. **Resolution 6** – Approval of Issue of Shares to Dr Chris Baldwin

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

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Shareholders of the Company approve the issue and allotment of 75,000 ordinary shares to Dr Chris Baldwin, Chief Commercial Officer, and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 6 by or on behalf of:

- (a) Dr Chris Baldwin, or a person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- (b) an Associate of that person or those persons.

However, this does not apply to a vote cast in favour of Resolution 6 by:

- (i) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- (ii) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (iii) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Adoption of Exopharm Performance Rights Plan

7. **Resolution 7** – Adoption of Exopharm Performance Rights Plan

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"That, for the purposes of ASX Listing Rule 7.2 (exception 13(b)) and for all other purposes, the Shareholders of the Company approve the adoption of the Exopharm Performance Rights Plan, on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 7 by or on behalf of:

- (a) a person who is eligible to participate in the Exopharm Performance Rights Plan; or
- (b) an Associate of that person or those persons.

However, this does not apply to a vote cast in favour of Resolution 7 by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- (ii) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides: or
- (iii) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Issue of Incentive Securities under Exopharm Performance Rights Plan

8. **Resolution 8** – Approval of Issue of Incentive Securities to Jason Watson, Non-Executive Director and Chair of the Board

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"That, subject to Resolution 7 being passed, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the Shareholders of the Company approve the issue and allotment of 90,000 Performance Rights under the Exopharm Performance Rights Plan to Jason Watson, Non- Executive Director and Chair of the Board, having the vesting and conversion conditions and other terms set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 8 by or on behalf of:

- (a) Mr Jason Watson, Dr Ian Dixon and Mr David Parker; or
- (b) an Associate of that person or those persons.

However, this does not apply to a vote cast in favour of Resolution 8 by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- (ii) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (iii) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition: Other than as set out below, a vote on Resolution 8 must not be cast as proxy by a Restricted Voter^.

A Restricted Voter may cast a vote on Resolution 8 as a proxy if either:

- the Restricted Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- the Restricted Voter is the Chair of the Meeting and the written appointment of the Chair as proxy:
 - o does not specify the way the proxy is to vote on the resolution; and
 - expressly authorises the Chair to exercise the proxy even though this resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

9. **Resolution 9** – Approval of Issue of Incentive Securities to Ian Dixon, Managing Director

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"That, subject to Resolution 7 being passed, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the Shareholders of the Company approve the issue and allotment of 250,000 Performance Rights under the Exopharm Performance Rights Plan to Ian Dixon, Managing Director, having the vesting and conversion conditions and other terms set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 9 by or on behalf of:

- (a) Dr Ian Dixon, Mr Jason Watson and Mr David Parker; or
- (b) an Associate of that person or those persons.

However, this does not apply to a vote cast in favour of Resolution 9 by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (ii) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (iii) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition: Other than as set out below, a vote on Resolution 9 must not be cast as proxy by a Restricted Voter^.

A Restricted Voter may cast a vote on Resolution 9 as a proxy if either:

- the Restricted Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- the Restricted Voter is the Chair of the Meeting and the written appointment of the Chair as proxy:
 - o does not specify the way the proxy is to vote on the resolution; and
 - expressly authorises the Chair to exercise the proxy even though this resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

^ RESTRICTED VOTERS - RESOLUTIONS 8 and 9

^ Each of the following is a "Restricted Voter":

- a member of the key management personnel (KMP), details of whose remuneration are included in the Remuneration Report for the year ended 30 June 2020; or
- a Closely Related Party of a KMP.

Key management personnel ("KMP") are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, whether directly or indirectly. Members of KMP include its directors and certain senior executives.

A Closely Related Party of a member of the KMP means any of the following:

- a spouse, child or dependent of the member;
- a child or dependent of the member's spouse;
- anyone else who is one of the member's family and may be expected to influence, or be influenced by, the member in the member's dealings with the Company;
- a company the member controls; or
- a person prescribed by regulations (as at the date of this Notice, no additional persons have been prescribed by regulation).

If you are a KMP or a Closely Related Party of a KMP (or are acting on behalf of any such person) and purport to cast a vote that will be disregarded by the Company (as indicated above), you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.

Shareholders who intend to appoint the Chair of the Meeting as proxy (including an appointment by default) should have regard to the Proxy and Voting Instructions on page 3 of this Notice.

BY ORDER OF THE BOARD

Sinead Teague

Company Secretary

Explanatory Statement

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Extraordinary General Meeting to be held at 11am (AEDT) on Thursday, 29 October 2020 as a **virtual 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 Resolutions in the Notice of Meeting.

If you are in any doubt about what to do in relation to the Resolutions contemplated in the Notice of Meeting and this Explanatory Statement, it is recommended that you seek advice from an accountant, solicitor or other professional advisor.

Full details of the business to be considered at the Extraordinary General Meeting are set out below.

Resolutions

Ratification of Prior Issue of Tranche 1 Shares

Resolution 1 – Ratification of Prior Issue of Tranche 1 Shares

Background

On 27 August 2020, the Company announced that it had successfully completed a placement to sophisticated and professional investors (**Placement**) of 41,666,667 fully paid ordinary shares at an issue price of \$0.24 per share raising a total of \$10 million (before costs) for the Company. The Company announced that the Placement would be completed in two tranches as follows:

- (a) Tranche 1: 23,868,000 shares using the Company's existing capacity under ASX Listing Rules 7.1 and 7.1A (**Tranche 1 Shares**); and
- (b) Tranche 2: 17,798,667 shares, for which shareholder approval is being sought under Resolution 2 of this Notice of Meeting (**Tranche 2 Shares**).

Accordingly, on 8 September 2020, the Company completed Tranche 1 of the Placement, which resulted in 14,320,800 Tranche 1 Shares being issued under ASX Listing Rule 7.1 and 9,547,200 Tranche 1 Shares being issued under ASX Listing Rule 7.1A, raising \$5,728,320 (before costs) for the Company.

ASX Listing Rules 7.1 and 7.1A

This Resolution proposes that Shareholders of the Company approve and ratify the prior issue and allotment of 23,868,000 Tranche 1 Shares, which were issued on 8 September 2020 (Issue Date).

14,320,800 Tranche 1 Shares were issued under Listing Rule 7.1 and 9,547,200 Tranche 1 Shares were issued under Listing Rule 7.1A.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

At last year's AGM, the Company sought and obtained approval of its Shareholders under Listing Rule 7.1A to increase this 15% limit by an extra 10% to 25%.

The issue of Tranche 1 Shares did not fit within any of the exceptions (to Listing Rules 7.1 and 7.1A) and, as it has not been approved by the Company's Shareholders, it effectively uses up part of the expanded 25% limit in Listing Rule 7.1 and 7.1A, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 and 7.1A for the 12 month period following the Issue Date (noting that the extra 10% under Listing Rule 7.1A will expire unless re-approved by the Company's Shareholders on an annual basis).

Listing Rule 7.4 allows the Shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1.

A note to Listing Rule 7.4 also provides that an issue made in accordance with Listing Rule 7.1A can be approved subsequently under Listing Rule 7.4 and, if it is, the issue will then be excluded from variable "E" in Listing Rule 7.1A.2 (which means that the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1A is not reduced).

The Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1.

To this end, this Resolution seeks Shareholder approval to subsequently approve the issue of Tranche 1 Shares for the purposes of Listing Rule 7.4.

If this Resolution is passed, the issue of Tranche 1 Shares under the Placement will be <u>excluded</u> in calculating the Company's 25% capacity to issue equity securities under Listing Rules 7.1 (15%) and 7.1A (10%) without Shareholder approval over the 12 month period following the Issue Date.

If this Resolution is not passed, the issue of Tranche 1 Shares under the Placement will be <u>included</u> in calculating the Company's 25% capacity to issue equity securities under Listing Rules 7.1 (15%) and 7.1A (10%) without Shareholder approval over the 12 month period following the Issue Date.

Information required by ASX Listing Rule 7.5

The following information is provided to Shareholders for the purposes of Listing Rule 7.5.

- (a) The Tranche 1 Shares were issued to sophisticated and institutional investors, which included Dr Chris Baldwin, a KMP of the Company, who subscribed for and was allotted 47,229 Tranche 1 Shares.
- (b) The Company issued 23,868,000 Tranche 1 Shares.
- (c) The Tranche 1 Shares were fully paid on issue and ranked equally in all aspects with all existing fully paid ordinary shares previously issued by the Company.
- (d) The Tranche 1 Shares were issued on 8 September 2020.
- (e) Each of the Tranche 1 Shares were issued at an issue price of \$0.24 per Tranche 1 Share, which raised at total of \$5,728,320.
- (f) Funds raised from the issue of the Shares have been and will be used by the Company to accelerate the commercialisation of the Company's technology platforms using exosomes as a new form of medicine, to progress clinical trials on several fronts and further develop intellectual property.

Directors' recommendation

The Board of Directors recommend that Shareholders vote for this Resolution.

Issue of Tranche 2 Shares

Resolution 2 – Approval of Issue of Tranche 2 Shares

Background

As announced by the Company on 27 August 2020, completion of Tranche 2 of the Placement (as detailed above) is subject to Shareholder approval being obtained.

Accordingly, this Resolution seeks shareholder approval to issue and allot 17,798,667 fully paid ordinary shares at an issue price of \$0.24 per share to sophisticated and institutional investors.

The effect of this Resolution is for Shareholders to approve the issue of these Tranche 2 Shares to fall within an exception to ASX Listing Rule 7.1, which will allow the Company to issue these without using the Company's 15% capacity under Listing Rule 7.1.

ASX Listing Rule 7.1

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

An issue of equity securities that is approved by the Company's Shareholders under Listing Rule 7.1 will not use up the Company's 15% limit and therefore does not reduce the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1.

To this end, this Resolution seeks Shareholder approval to approve the issue of the Tranche 2 Shares under and for the purposes of Listing Rule 7.1.

If this Resolution is passed, the issue of the Tranche 2 Shares will be <u>excluded</u> in calculating the Company's 15% limit in Listing Rule 7.1 to issue equity securities without Shareholder approval over the 12 month period following the date on which the Tranche 2 Shares are issued.

If this Resolution is not passed, and the Company proceeds with the issue, the Tranche 2 Shares will be <u>included</u> in calculating the Company's 15% limit in Listing Rule 7.1 to issue equity securities without Shareholder approval over the 12 month period following the date on which the Tranche 2 Shares are issued.

Information Required by Listing Rule 7.3

The following information is provided to Shareholders for the purposes of Listing Rule 7.3:

- (a) The allottees are sophisticated and institutional investors.
- (b) The maximum number of Tranche 2 Shares to be issued is 17,798,667.
- (c) The Tranche 2 Shares will be fully paid on issue and rank equally in all aspects with all existing fully paid ordinary shares previously issued by the Company.
- (d) These Tranche 2 Shares will be issued within 3 months of Shareholder approval being obtained by the Company (or otherwise, as determined by the ASX in the exercise of their discretion).
- (e) The Tranche 2 Shares will be offered at an issue price of \$0.24 per Tranche 2 Share, to raise \$4,271,680.
- (f) Funds raised from the issue of the Shares will be used by the Company to accelerate the commercialisation of the Company's technology platforms using exosomes as a new form of medicine, to profess clinical trials on several fronts and further develop intellectual property.

Directors' Recommendation

The Board of Directors recommend Shareholders vote for this Resolution.

Issue of Options and Shares to Canary Capital

Resolutions 3, 4 and 5 – Approval of Issue of Shares, Placement Options and Mandate Options to Canary Capital

Background

The Placement announced by the Company on 27 August 2020 (as detailed above) was managed by Canary Capital Pty Ltd (Canary Capital).

As payment for managing the Placement, the Company will pay Canary Capital a fee equal to 6% of the funds raised by Canary Capital. This fee will be paid by way of the allotment and issue to Canary Capital of 2,00,000 ordinary fully paid shares (**Fee Shares**). In addition, the Company had agreed to issue 1,500,000 unlisted options with an exercise price of \$0.40 and an expiry date that is 5 years from the date of issue (**Placement Options**).

Following the successful raising of \$10m the Company has decided to engage Canary Capital to provide corporate advisory services for a period of 12 months, as announced to the ASX on 15 September 2020. As part of the corporate advisory mandate, the Company has agreed to pay Canary Capital a monthly fee of \$6,000 (exc GST) and to issue 3,000,000 unlisted options as detailed below (Mandate Options):

1. 1,500,000 unlisted options at an exercise price of \$0.60 with an expiry date of five years from date of issue

2. 1,500,000 unlisted options with an exercise price of \$0.90 with an expiry date of five years from date of issue

The effect of these Resolutions is for Shareholders to approve the issue of the Fee Shares, the Placement Options and the Mandate Options to fall within an exception to ASX Listing Rule 7.1, which will allow the Company to issue these without using the Company's 15% capacity under Listing Rule 7.1.

ASX Listing Rule 7.1

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

An issue of equity securities that is approved by the Company's Shareholders under Listing Rule 7.1 will not use up the Company's 15% limit and therefore does not reduce the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1.

To this end, Resolutions 3, 4 and 5 seek Shareholder approval to approve the issue of the Fee Shares, the Placement Options and the Mandate Options under and for the purposes of Listing Rule 7.1.

If these Resolutions are passed, the issue of the Fee Shares and/or the respective options (as the case may be) will be <u>excluded</u> in calculating the Company's 15% limit in Listing Rule 7.1 to issue equity securities without Shareholder approval over the 12 month period following the date on which the options are issued.

If any of these Resolutions are not passed, and the Company proceeds with the issue for which the respective approval was sought, the Fee Shares and/or respective options (as the case may be) will be <u>included</u> in calculating the Company's 15% limit in Listing Rule 7.1 to issue equity securities without Shareholder approval over the 12 month period following the date on which those options are issued.

Information Required by Listing Rule 7.3

The following information is provided to Shareholders for the purposes of Listing Rule 7.3:

- (a) The allottee of the Fee Shares, the Placement Options and the Mandate Options is Canary Capital Pty Ltd.
- (b) The maximum number of:
 - 1) Fee Shares to be issued is 2,000,000;
 - 2) Placement Options to be issued is 1,500,000; and
 - 3) Mandate Options to be issued is 3,000,000.
- (c) The Fee Shares will be fully paid on issue and rank equally in all aspects with all existing fully paid ordinary shares previously issued by the Company.
- (d) The Placement Options have an exercise price of \$0.40 and expire 5 years from the date of issue.
- (e) The Mandate options have an exercise price of \$0.60 and expire 5 years from the date of issue.
- (f) The Fee Shares, the Placement Options and Mandate Options will be issued within 3 months of Shareholder approval being obtained by the Company (or otherwise, as determined by the ASX in the exercise of their discretion).
- (g) The Fee Shares, the Placement Options and Mandate Options will be offered for nil cash consideration.
- (h) Funds will not be raised from the issue of the Fee Shares and Placement Options as the issue is proposed to be made as part of the fee payable to Canary Capital Pty Ltd for managing the Placement.
- (i) Funds will not be raised from the issue of the Mandate Options as the issue is proposed to be made as part of the fee payable to Canary Capital Pty Ltd for the provision of corporate advisory services.

Directors' Recommendation

The Board of Directors recommend Shareholders vote for Resolutions 3, 4 and 5.

Issue of Shares

Resolution 6 – Approval of Issue of Shares to Dr Chris Baldwin

Background

This Resolution seeks Shareholder approval to issue and allot 75,000 ordinary shares to Dr Chris Baldwin, Chief Commercial Officer following achievement of his key performance indicators (**KPIs**) as set by the Board.

The Company informed the market per the announcement dated 28 October 2019 that as part of Dr Baldwin's employment agreement, Dr Baldwin would be eligible for an annual bonus of up to \$33,000 (inc superannuation) (**Cash Bonus**) and 75,000 shares (**Share Bonus**) subject to KPIs which would be set by the Board. The Board has agreed that Dr Baldwin has met these KPIs and is now entitled to receive both the Cash Bonus and the Share Bonus.

The effect of this Resolution is for Shareholders to approve the issue of these ordinary shares to fall within an exception to ASX Listing Rule 7.1, which will allow the Company to issue these without using the Company's 15% capacity under Listing Rule 7.1.

ASX Listing Rule 7.1

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

An issue of equity securities that is approved by the Company's Shareholders under Listing Rule 7.1 will not use up the Company's 15% limit and therefore does not reduce the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1.

To this end, this Resolution seeks Shareholder approval to approve the issue of the ordinary shares under and for the purposes of Listing Rule 7.1.

If this Resolution is passed, the issue of the ordinary shares to Dr Baldwin will be <u>excluded</u> in calculating the Company's 15% limit in Listing Rule 7.1 to issue equity securities without Shareholder approval over the 12 month period following the date on which the ordinary shares are issued.

If this Resolution is not passed, and the Company proceeds with the issue to Dr Baldwin, the ordinary shares will be <u>included</u> in calculating the Company's 15% limit in Listing Rule 7.1 to issue equity securities without Shareholder approval over the 12 month period following the date on which the ordinary shares are issued.

Information Required by Listing Rule 7.3

The following information is provided to Shareholders for the purposes of Listing Rule 7.3:

- (a) The allottee is Chris Baldwin, Chief Commercial Officer of the Company.
- (b) The number of ordinary shares to be issued is 75,000.
- (c) The shares will be fully paid on issue and rank equally in all aspects with all existing fully paid ordinary shares previously issued by the Company.
- (d) These ordinary shares will be issued by within 3 months of Shareholder approval being obtained by the Company (or otherwise, as determined by the ASX in the exercise of their discretion).
- (e) The ordinary shares will be offered for nil cash consideration.
- (f) Funds will not be raised from the issue of these ordinary shares as the issue is proposed to be made for the purposes of satisfying Dr Baldwin's entitlement to his bonus remuneration having satisfied the KPIs set out by the Board.

Directors' Recommendation

The Board of Directors recommend Shareholders vote for this Resolution.

Adoption of Exopharm Performance Rights Plan

Resolution 7 - Adoption of Exopharm Performance Rights Plan

Shareholder approval is being sought to adopt an employee incentive scheme entitled "Exopharm Performance Rights Plan" (**Rights Plan**) under Resolution 7 of this Notice of Meeting.

The Company believes that the Rights Plan is an effective means to provide an incentive to eligible participants and will recognise their efforts and contribution in the performance and success of the Company. Eligible participants will be invited by the Company to subscribe for performance rights pursuant to the terms and conditions of the Rights Plan.

A summary of the key terms of the Rights Plan is set out in Annexure A, and a copy of the rules of the Rights Plan is available upon request from the Company.

ASX Listing Rules

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

If this Resolution is approved by Shareholders for all purposes under the Corporations Act and the ASX Listing Rules, including ASX Listing Rule 7.2 (exception 13(b)), it will have the effect of enabling the securities issued by the Company under the Rights Plan to be automatically excluded from the formula to calculate the number of securities which the Company may issue in any 12 month period using Listing Rule 7.1 (15% capacity) during the next three year period.

The Company advises that Shareholder approval for the Rights Plan has not been previously sought from Shareholders under ASX Listing Rule 7.2 (exception 13(b)). Accordingly, this would be the first time that the Company has sought Shareholder approval for the Rights Plan for the purposes of ASX Listing Rule 7.2 (exception 13(b)). If this Resolution is approved by Shareholders, the Company will issue up to a maximum of 9,891,960 Performance Rights under the Rights Plan during the three-year period following approval.

Directors Recommendation

The Board of Directors recommend that Shareholders vote for this Resolution

<u>Issue of Incentive Securities under Exopharm Performance Rights Plan</u> **Resolutions 8 and 9 –** Approval of Issue of Incentive Securities to Directors

Background

Shareholder approval is being sought to adopt an employee incentive scheme entitled "Exopharm Performance Rights Plan" (**Rights Plan**) under Resolution 7 of this Notice of Meeting.

The Company seeks to invite Jason Watson and Ian Dixon (**Directors**), subject to Shareholder approval that is sought under Resolutions 8 and 9, (respectively), to participate in the Rights Plan by subscribing for the following securities under the Rights Plan (**Incentive Securities**):

- (a) Jason Watson, 90,000 Performance Rights
- (b) Ian Dixon, 250,000 Performance Rights

A summary of the material terms of the Incentive Securities are as follows:

Type of Incentive Security	Material terms
Performance Rights	Each Performance Right is a right to receive a fully paid ordinary share in the capital of the Company subject to satisfaction of the Performance Hurdle applicable to that Performance Right.

Unless cancelled or deemed to have been cancelled, or otherwise incapable of vesting, the Performance Rights the subject of Resolutions 8 and 9 shall vest and automatically convert to a Share upon and subject to the following (each a "Performance Hurdle"):

- one third ("the First Tranche Rights") on 1 January 2021 if the VWAP (being the volume weighted average market (closing) price as that term is defined in the Listing Rules) for twenty consecutive trading days upon which the Company's shares have actually traded on ASX is as at 31 December 2020, or at any time between the issue date and 31 December 2020 (both inclusive) has been, at least fifty cents (\$0.50);
- one third ("the Second Tranche Rights") on 1 July 2021 if the VWAP for twenty consecutive trading days upon which the Company's shares have actually traded on ASX is as at 30 June 2021, or at any time between 1 January 2021 and 30 June 2021 (both inclusive) has been, at least sixty cents (\$0.60); and
- one third ("the Third Tranche Rights") on 1 January 2022 if the VWAP for twenty consecutive trading days upon which the Company's shares have actually traded on ASX is as at 31 December 2021, or at any time between 1 July 2021 and 31 December 2021 (both inclusive) has been, at least seventy five cents (\$0.75).

For the avoidance of doubt, it is not necessary for the VWAP component of a Performance Hurdle for a tranche of Performance Rights which has been satisfied in the time period applicable to that tranche to remain satisfied or to occur again at the time of vesting.

Performance Rights for which the applicable Performance Hurdle has not been satisfied lapse and are deemed to have been cancelled automatically on:

- for the First Tranche Rights, 1 January 2021;
- for the Second Tranche Rights, 1 July 2021;
- for the Third Tranche Rights, 1 January 2022,

(each the "Lapse Date" applicable to that tranche).

If the Performance Hurdle applicable to a tranche of Performance Rights has been satisfied but the share into which it converts has not been issued or quotation of the share has not been applied for, that Performance Right will not lapse or be cancelled (or be deemed to have been cancelled) and these terms continue to apply until the Share is issued and (when applicable) quotation has been applied for.

If a special circumstance (such as redundancy, death, total and permanent incapacity or other circumstances determined by the Company) occurs before the end of the time period for satisfaction of the VWAP component of a Performance Hurdle applicable to a tranche of Performance Rights and that tranche has not already vested or lapsed or been (or been deemed to have been) cancelled, the last exercise date for that tranche automatically remains (and if required is automatically extended until) the day before the Lapse Date set out above applicable to that tranche.

Other than where termination is due to matters such as fraud, defalcation or gross misconduct or an act bringing the Company into disrepute a Performance Right does not lapse and is not cancelled or deemed to have been cancelled upon the termination of the office or employment of the holder by the Company if the VWAP component of the Performance Hurdle applicable to the then current tranche of Performance Rights had been achieved before the termination. All other then outstanding Performance Rights (if any) would lapse automatically at that time (other than where the termination is due to a special circumstance).

Each Performance Right that has not already lapsed or cancelled (or been deemed to have been cancelled) vests and converts automatically upon the occurrence of a circumstance set out in paragraphs (a) to (d) of the Plan Summary in Annexure A.

Upon conversion of a Performance Right into a share in accordance with these terms, the Company must within ten (10) ASX business days (or such lesser period as the Listing Rules

require) from the date of conversion, apply for and use best endeavours to obtain official quotation on ASX of the Share arising from conversion.

Subject to compliance with applicable laws (including the ASX Listing Rules as they apply to the Company), Performance Rights shall immediately vest and convert to Shares upon a Change of Control occurring. "Change of Control" means:

- (i) a bona fide takeover bid is declared unconditional and the bidder has acquired a relevant interest in over 50% of the Company's issued shares;
- (ii) the sale of all or substantially all of the assets of the Company;
- (iii) a court approves under section 411(4)(b) of the Corporations Act, a proposed compromise arrangement for the purpose of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
- (iv) in any other case, a person obtains voting power in the Company that the Board (which for the avoidance of doubt will comprise those Directors immediately prior to the person acquiring the voting power) determines, acting in good faith and in accordance with their fiduciary duties, is sufficient to control the composition of the Board.

A Performance Right does not entitle the holder to any dividends. Upon winding up of the Company, a Performance Right may not participate in the surplus profits or assets of Company. A Performance Right is not transferable other than as provided for in the Plan. If the issued capital of the Company is reorganised or reconstructed all rights of a holder of performance Rights will be changed to the extent necessary to comply with the ASX Listing Rules at the time of reorganisation or reconstruction provided that, subject to compliance with the ASX Listing Rules, following such reorganisation or reconstruction the economic and other rights of the Holders are not diminished or terminated.

The terms of the Performance Rights may be amended as necessary by the Board to comply with the ASX Listing Rules, or any direction of ASX regarding the terms provided that, subject to compliance with the ASX listing rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.

Subject to the above and to conversion of Performance Rights being subject to compliance at all times with the ASX Listing Rules and the Corporations Act:

- (i) if the Performance Hurdle is achieved on or before the Lapse Date, each Performance Right that has not previously lapsed or been cancelled (or been deemed to have been cancelled) will convert into an equal number of Shares which will be issued to the Holder; and
- (ii) if the Performance Hurdle is not achieved on or before the Lapse Date, each Performance Right that has not previously vested and converted will lapse and be deemed to have been cancelled without payment or other compensation to the Holder.

The shares into which the Performance Rights convert will rank pari passu in all respects with existing Shares at the time of issue.

The terms and conditions of the Plan also apply, to the extent consistent with or as supplemented or permitted to be varied by the above. Refer to the Plan Summary in Annexure A. A copy of the Plan is also available on request.

Director and Related Party Approvals

ASX Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire securities under an employee incentive scheme unless it obtains the approval of its shareholders:

- (a) a director of the Company;
- (b) an associate of a director of the Company; or
- (c) a person whose relationship with the Company or a person referred to in Listing Rule 10.14.1 or 10.14.2

is such that, in ASX's opinion, the acquisition should be approved by its shareholders.

As Jason Watson and Ian Dixon are directors of the Company, the proposed issue of Incentive Securities constitutes the acquisition of securities under an employee incentive scheme for the purposes of Listing Rule 10.14 and therefore requires the approval of the Company's shareholders under Listing Rule 10.14.

To this end, Resolutions 8 and 9 seek the required Shareholder approval to issue the Incentive Securities to Jason Watson and Ian Dixon under and for the purposes of Listing Rule 10.14.

If approval is obtained under Listing Rule 10.14, in accordance with Listing Rule 10.12 (exception 8), separate approval is not required under Listing Rule 10.11.

If any or all of Resolutions 8 and 9 are passed, the Company will be able to proceed with the proposed issue of Incentive Securities to Director(s) to which applicable Resolution relates. If any of Resolutions 8 and 9 are not passed, the Company will not be able to proceed with the proposed issue to the applicable Director and may consider alternative forms of remuneration.

Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the exceptions to the provisions; or
- (b) Shareholder approval is obtained prior to the giving of the financial benefit.

The proposed issue of Incentive Securities constitutes the giving of a financial benefit.

A "related party" for the purposes of the Corporations Act is widely defined and includes a director of a public company, a spouse of a director of a public company or an entity controlled by a director of a public company. The definition of "related party" also includes a person whom there is reasonable grounds to believe will become a "related party" of a public company.

The Board carefully considered the issue of the Incentive Securities, and formed the view that the giving of this financial benefit as part of the respective Director's remuneration would be reasonable, given the circumstances of the Company, the quantum and terms of the Incentive Securities including that the Performance Hurdles are significantly higher than the share price as at the date of the Notice, and the responsibilities held by each Director (respectively).

Accordingly, the Board believes that the issue of the Incentive Securities to each Director falls within the "reasonable remuneration" exception as set out in section 211 of the Corporations Act, and relies on this exception for the purposes of this Resolution.

Notwithstanding the above, and although no Director participated in the discussion or decision making process in respect of determining that Incentive Securities be proposed to be issued to him, the Board acknowledges that Resolutions 8 and 9 separately relate to the majority of the Company's Board members. Accordingly, the Board determined that Resolutions 8 and 9 each be put to shareholders pursuant to section 195(4) of the Corporations Act such that shareholders determine whether the named related parties will be issued the Incentive Securities as set out above.

As the majority of the Board of Directors (or his nominee) is proposed to receive Incentive Securities if Resolutions 8 or 9 are passed, the Board has abstained from making a recommendation in respect of those Resolutions.

Information Required by ASX Listing Rule 10.15

The following information in relation to the issue of Incentive Securities to the Directors is provided to Shareholders for the purposes of ASX Listing Rule 10.15:

Resolution 8

- The allottee is Jason Watson, a Director of the Company.
- The maximum number of Incentive Securities that may be acquired by Jason Watson is 90,000.
- The current total remuneration package received by the relevant Director is \$96,000.

Resolution 9

- The allottee is Ian Dixon, Managing Director of the Company.
- The maximum number of Incentive Securities that may be acquired by Ian Dixon is 250,000.
- The current total remuneration package received by the relevant Director is \$280,000 plus at-risk bonus of 1) \$80,000 and 2) 200,000 EX1 ordinary shares based on achievement of KPIs to be monitored by the Board.

No Performance Rights have yet been issued under the Exopharm Performance Rights Plan, which is subject to shareholder approval at Resolution 7 of this Notice of Meeting.

The proposed issue of the Performance Rights is viewed as a cost-effective way of providing the Directors tangible incentives to enhance the performance of the Company and to seek to further align the directors interest with those of shareholders. The Company values the First Tranche performance rights at \$0.0987, Second Tranche performance rights at \$0.1561 and Third Tranche performance rights at \$0.1633 by using the Monte Carlo simulation method.

The Incentive Securities will be issued within one month from the date of this Meeting, if approved by Shareholders of the Company.

The Incentive Securities are being issued for nil consideration pursuant to the terms of the Rights Plan. The material terms of the Rights Plan are set out in the table above.

Details of any securities issued under the Rights Plan will be published in each annual report of the Company relating to a period which securities have been issued, and that approval for the issue of securities was obtained under ASX Listing Rule 10.14. Any additional persons who become entitled to participate in the Rights Plan after the resolution was approved and who were not named in the notice of meeting will not participate until approval is obtained under ASX Listing Rule 10.14.

Enquiries

Shareholders are asked to contact the Company Secretary on +61 2 8098 1163 if they have any queries in respect of the matters set out in these documents.

Glossary

AEDT means Australian Eastern Daylight Time as observed in Sydney, New South Wales.

Associate has the meaning given to it by the ASX Listing Rules.

ASX means ASX Limited ACN 008 624 691 or the financial market operated by it, as the context requires, of 20 Bridge Street, Sydney, NSW 2000.

ASX Listing Rules or Listing Rules means the official ASX Listing Rules of the ASX and any other rules of the ASX which are applicable while the Company is admitted to the official list of the ASX, as amended or replaced from time to time, except to the extent of any express written waiver by the ASX.

Board means the current board of Directors of the Company.

Business Day means a day on which trading takes place on the stock market of ASX.

Chair means the person chairing the Meeting.

Closely Related Party of a member of the KMP means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or of the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporation Regulations 2001 (Cth).

Company means Exopharm Limited ACN 163 765 991.

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth) as amended or replaced from time to time.

Director means a current director of the Company.

Dollar or "\$" means Australian dollars.

Explanatory Statement means the explanatory statement accompanying this Notice of Meeting.

Extraordinary General Meeting or **EGM** or **Meeting** means an Extraordinary General Meeting of the Company and, unless otherwise indicated, means the meeting of the Company's members convened by this Notice of Meeting.

Fee Share means a fully paid ordinary share in the capital of the Company issued to Canary Capital Pty Ltd as consideration for services rendered in connection with the Company's share placement for which Shareholder approval is being sought under Resolution 3 of this Notice of Meeting.

KMP means key management personnel (including the Directors) whose remuneration details are included in the Remuneration Report.

KPIs means key performance indicators.

Mandate Option means an option issued to Canary Capital Pty Ltd for the provision of corporate advisory services for which Shareholder approval is being sought under Resolution 5 of this Notice of Meeting.

Notice of Meeting or **Notice of Extraordinary General Meeting** means this notice of extraordinary general meeting dated 24 September 2020 including the Explanatory Statement.

Option means an option which, subject to its terms, could be exercised into a Share.

Ordinary Resolution means a resolution that can only be passed if at least 50% of the total votes cast by Shareholders entitled to vote on the resolution are voted in its favour at the meeting.

Performance Hurdle means the conditions or criteria which if satisfied result in a Performance Right converting to a Share.

Performance Right means a performance right which, subject to its terms, could convert to a Share.

Placement Option means an option issued to Canary Capital Pty Ltd for services rendered in connection with the Company's share placement for which Shareholder approval is being sought under Resolution 4 of this Notice of Meeting.

Proxy Form means the proxy form attached to this Notice of Meeting.

Resolutions means the resolutions set out in this Notice of Meeting, or any one of them, as the context requires.

Restricted Voter means a member of the Company's KMP and any Closely Related Parties of those members.

Rights Plan or **Plan** means the employee incentive scheme entitled "Exopharm Performance Rights Plan" for which Shareholder approval is being sought for the adoption of under Resolution 7 of this Notice of Meeting.

Securities mean Shares and/or Options (as the context requires).

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Share Registry means Automic Registry Services.

VWAP means the volume weighted average market (closing) price, with respects to the price of Shares.

Annexure A

PERFORMANCE RIGHTS PLAN SUMMARY

(Refer to Resolutions 7 to 9)

Under the Exopharm Performance Rights Plan ("the Plan") eligible officers, employees and consultants of the Company and its subsidiaries (if any) or their representative nominees ("participants") may be offered and granted performance rights.

The purpose and objectives of the Plan include:

- providing incentives to participants;
- recognising participants and their expected efforts and contribution in the performance and success of the Company and its subsidiaries; and
- providing participants with the opportunity to acquire performance rights, and ultimately fully paid ordinary shares, in the Company.

Each performance right will, upon conversion or exercise in accordance with its terms of issue, entitle the holder to one share. Usually the performance rights will be granted to participants for no cash consideration, and no cash amount will be payable for shares issued or transferred upon a performance right converting. The Plan provides that the Company may, at its election but subject to the listing rules, issue new shares or procure the transfer of existing shares on the conversion of performance right.

Performance rights may be subject performance, vesting, conversion or other conditions determined by the Board (commonly referred to as performance hurdles or milestones). The performance, vesting, conversion and/or other conditions will be specified in an offer of performance rights. Performance hurdle(s) and other conditions may only be waived, in whole or in part, if permitted by (and then in accordance with) the listing rules.

The terms of issue will provide whether performance rights which have not vested are cancelled (either immediately or after a period of time) if the relevant person ceases to be engaged by the Company. An exception may apply where the cessation is due to special circumstances (such as redundancy, death, total and permanent incapacity or other circumstances determined by the Company). The terms of issue may provide that unconverted the performance rights lapse and are cancelled immediately if the relevant person was terminated for cause or had engaged in fraud, defalcation or gross misconduct in relation to the affairs of the Company, or had brought the Company into disrepute.

A performance right may only convert or be exercised before vesting where, if and then only to the extent permitted by the listing rules of ASX:

- an accelerated vesting event occurs and the Board brings forward the first permitted exercise date or waives or varies any performance hurdles;
- if the offer of the performance rights provided for certain circumstances where the first exercise date is brought forward or the performance hurdles are waived or varied and those circumstances occur; or
- as provided for below.

The Plan provides that performance rights may only be transferred in the following circumstances (and that each of paragraphs (a) to (d) is also a circumstance in which performance rights may be deemed to have vested and/or converted despite the applicable vesting or conversion event or condition not having occurred):

- (a) a transfer constituting the necessary transfer documents following an acceptance of an offer made under an off-market bid under the Corporations Act relating to performance rights;
- (b) a transfer to a bidder on the sale of the performance rights under Division 3 of Part 6A.I of the Corporations Act;
- (c) a transfer to a 100% holder on the sale of the performance rights under Division 2 of Part 6A.2 of the Corporations Act;
- (d) a transfer under Part 6A.3 of the Corporations Act to a person entitled to acquire performance rights under section 661A or 664A of the Corporations Act; or

(e) a transfer approved by the Board in those circumstances as may be determined by the Board. The Board must have regard to the Corporations Act, the Listing Rules and any other relevant legislation, and as a consequence the circumstances in which other transfers may be able to be approved are limited.

The offer of performance rights may specify that shares issued or transferred to the holder upon conversion of the performance rights will be held in the Plan subject to restrictions on disposal, encumbrance or other dealings with the share for a period of time or until the occurrence of a specified event. Shares held in the Plan will be subject to a holding lock. The person entitled to the shares may apply for its withdrawal from the Plan, subject to satisfying the Company that any conditions for the release of the shares have been or will be met. The Company will seek quotation of shares not held in the Plan (or which are released form the Plan).

A Performance Right does not entitle the holder to attend or vote on any resolutions proposed at a general meeting of shareholders of the Company. Performance rights carry no entitlement to participate in new issues to existing shareholders unless validly converted or exercised before the applicable record date. The number of shares to be received under a performance right will be increased by the number of additional shares the holder would have received if the performance right had been converted or exercised before a bonus issue and the Company will offer the holder the number of additional shares that could have been acquired if the performance right had been converted or exercised before a pro rata offer. If the Company reorganises its capital (for example, by a share split, consolidation) the performance rights including the number of shares into which a performance right may convert will be reorganised in the same manner as would apply under the listing rules to options. The Board may permit exercise or conversion of performance rights after notice of a proposed members' voluntary winding up resolution.

The Board must take reasonable steps to ensure that the number of shares represented by performance rights offered, granted, awarded or issued under the Rights Plan or other employee incentive plan in which only eligible employees can participate plus shares issued in the prior 5 years upon conversion or exercise of performance rights under the Plan or issued under such other plan do not exceed 6% of the total number of issued shares as at the time of offer, grant, award or issue.

For the purpose of calculating the 6% limit, the following offers or grants of performance rights (and shares issued by way of or as a result of the following) are to be disregarded:

- an offer to a person situated at the time of receipt of the offer outside of Australia;
- an offer that did not need disclosure to investors because of section 708 of the Corporations Act (an
 offer to sophisticated, professional or other exempt investors, which generally includes directors and
 other senior managers, and subject to specific conditions can include up to 20 other persons per year;
- an offer that did not require the giving of a Product Disclosure Statement because of section 1012D of the Corporations Act; or
- an offer made under a disclosure document or Product Disclosure Statement.

Grants of performance rights to directors or their associates can only be made in accordance with the listing rules including where applicable obtaining prior shareholder approval under Listing Rule 10.11 or 10.14.

The Plan is to be administered by the remuneration committee or a committee with specifically delegated powers, or in the absence of a committee by the Board. The Board may amend the terms of the Plan, and may make additions or variations in relation to the implementation of the Plan and the specific application of the Plan rules to persons residing outside Australia. The administration of the Plan, any amendment of the Plan, and any additions or variations are subject to the listing rules.

The above summary is not intended to be exhaustive. A full copy of the proposed Plan's terms is available form the Company upon request.



I opharm Limited | ACN 163 765 991

Proxy Voting Form

If you are attending the virtual Meeting please retain this Proxy Voting Form for online Securityholder registration.

Holder Number:



SUBMIT YOUR PROXY

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

TOUR NAME AND ADDRESS

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

ST /1 – APPOINT A PROXY

n you wish to appoint someone other than the Chair of the Meeting as your proxy, was write the name or manned individual or body corporate. A proxy need not be a Shareholder of the Constany. Oth wise if eave this box blank, the Chair of the Meeting will be appointed as your proxy by decayle.

DEFA LT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting with lefaur a the Chrosof the Meeting, required to vote these proxies as directed. Any undirect proximation of the Meeting will be voted according to the instructions set out in all Proximation of the Four including where the Foot ions are connected directly or indirectly with the remunication of KMP.

FEP - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one a the boxes aposite each item of business. All your ares will be voted in accordance with such a directing up as you indicate only a portion of voting it is are to be voted on any item by inserting a preentate or cumber of shares you wish to vote in the appropriate box or boxes. If you do not mark any one box on the items of business, your proxy may vote as he or she chooses. If your ark more that one box on an item your vote on that item will be invalid.

PPO ITMENT OF SECOND PROXY

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

SIGNING INSTRUCTIONS

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

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

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

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

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

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

DRPORATE REPRESENTATIVES

resentative 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.

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at

https://investor.automic.com.au/#/loginsah

or scan the QR code below using your smartphone

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



BY MAIL:

Automic GPO Box 5193 Sydney NSW 2001

IN PERSON:

Automic Level 5, 126 Phillip Street Sydney NSW 2000

BY EMAIL:

meetings@automicgroup.com.au

BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

WEBCHAT: https://automicgroup.com.au/

PHONE: 1300 288 664 (Within Australia) +61 2 9698 5414 (Overseas)

STEP 1 – How to vote VIRTUAL PARTICIPATION AT THE AGM: APPOINT A PROXY: The company is pleased to provide shareholders with the I/We being a Shareholder entitled to attend and vote at the General Meeting of Insert Exop arm Limited, to be held virtually at 11.00am (AEDT) on Thursday, 29 October 2020 opportunity to attend and participate in a virtual Meeting through an online meeting platform powered by Automic, herel where shareholders will be able to watch, listen, and vote The Chair of the Meeting (Chair) OR if you are not appointing the Chair of the online. as your proxy, please write in the box provided below the name of the person or bog corporate you are appointing as your proxy or failing the person so named or, if no To access the virtual meeting: person is named, the Chair, or the Chair's nominee, to vote in accordance with the Open your internet browser and qo to investor.automic.com.au as the proxy sees fit and at any adjournment thereof. Login with your username and password or click "register" if you haven't already created an account. The hair intends to vote undirected proxies in favour of all Resolutions in which the Shareholders are encouraged to create an account ar is entitled to vote. prior to the start of the meeting to ensure there is no Unless indicated otherwise by ticking the "for"," against" or "abstain" box you will be delay in attending the virtual meeting authorising the Chair to vote in accordance with the Chair's voting intention. Further information on how to do this is set out in the Notice LUTI DRITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION of Meeting. The Explanatory Notes that accompany and ELA ED RESOLUTIONS form part of the Notice of Meeting describe the various I/we have appointed the Chair as my/our proxy (or where the Chair becomes matters to be considered. mu/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on ytions 8 and 9 (except where I/we have indicated a different voting intention below) hough Resolutions 8 and 9 are connected directly or indirectly with the eration of a member of the Key Management Personnel, which includes the Chair. STE 2 – Your voting direction Resolutions For Against Abstain atification of Prior Issue of Tranche 1 Shares Approval of Issue of Tranche 2 Shares Approval of Issue of Shares to Canary Capital Approval of Issue of Placement Options Approval of Issue of Mandate Options Approval of Issue of Shares to Dr Chris Baldwin doption of Exopharm Performance Rights pproval of Issue of Incentive Securities to Jason Watson, N -Executive Director and Chair of the Board Approval of Issue of Incentive Securities to Ian Dixon, Managing Director וברי 3 – Signatures and contact details Individual or Securityholder 1 Securituholder 2 Securituholder 3 Director / Company Secretary Sole Director and Sole Company Secretary act Name: Address:

By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).

Date (DD/MM/YY)

ontact Daytime Telephone