



ABN 54 117 526 137

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that an Annual General Meeting (AGM) of the shareholders of Vectus Biosystems Limited (Vectus or the Company) will be held at the offices of Shelston IP, Level 21, 60 Margaret Street, Sydney on Wednesday, 14 November 2018 commencing at 3:30pm.

ORDINARY BUSINESS

1. Financial Statements and Reports

To receive and consider the Annual Report of the Company for the year ended 30 June 2018, which includes the Annual Financial Report, the Directors' Report, the Directors' Declaration and the Auditor's Report.

Note: this item of business is for discussion only and is not a Resolution. However, pursuant to the Corporations Act, shareholders will be given a reasonable opportunity at the AGM to ask questions about, or make comments in relation to, each of the aforementioned reports during consideration of these items.

2. Resolution 1: To Elect a Director – Mr Maurie Stang

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

That, Mr Maurie Stang, who retires by rotation as a Director pursuant to clause 6.1(f) of Vectus' Constitution and, being eligible, offers himself for re-election, be elected a Director of the Company.

3. Resolution 2: To Adopt the Remuneration Report

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

That Vectus' Remuneration Report for the financial year ended 30 June 2018, as set out in the Directors' Report in the Company's 2018 Annual Report, be received, approved and adopted.

Note: the vote on this Resolution is advisory only and does not bind the Directors or Vectus.

4. To transact any other business brought forward in accordance with the Company's Constitution.

Further information in relation to the matters to be considered at the AGM is set out in the attached Explanatory Statement.

VOTING EXCLUSION STATEMENT

In respect of Resolution 2, Vectus will disregard any votes cast (in any capacity) by or on behalf of any person who is a member of the key management personnel (KMP) whose remuneration details are included in the Remuneration Report in the Annual Report or a closely-related party of such a member. The prohibition in the Corporations Act 2001 (Cth) on the voting of members of the Company's KMP does not apply to the Chairman of the AGM as proxy for a member entitled to vote where the proxy appointment expressly authorises the Chairman of the AGM to vote. However, Vectus need not disregard any vote by any such persons if it is cast by any of them as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form.

PROXIES

If you are unable to attend the AGM, you are requested to complete the Proxy Form enclosed with this Notice of AGM. A shareholder entitled to attend and vote at the AGM is entitled to appoint not more than two proxies. A proxy need not be a shareholder of the Company. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights.

The Proxy Form must be signed by the shareholder or the shareholder's power of attorney, duly authorised in writing. Proxies given by corporations must be signed either under common seal or under the hand of its power of attorney, Director or Company Secretary. The Proxy Form and the power of attorney or other authority (if any) under which it is signed (or a certified copy) must be received by Vectus at least 48 hours before the time for holding the AGM (as specified in the Company's Constitution) i.e. by 3:30pm on Monday, 12 November 2018 by:

- a) **mail** to PO Box 324, Crows Nest, NSW 1585; or
- b) **hand delivery** to 3-11 Primrose Avenue, Rosebery NSW; or
- c) **facsimile** to (02) 9697 0944.

Attention is drawn to the Explanatory Statement accompanying this Notice of AGM, which sets out all information known to Vectus that is material to your decision on whether or not to vote in favour of the proposed Resolutions.

Dated in Sydney on this 10th day of October 2018.

By authority of the Board.

Robert J Waring
Company Secretary

EXPLANATORY STATEMENT

Introduction

This Explanatory Statement sets out information designed to assist the shareholders of the Company to vote on the Resolutions outlined in the Notice of AGM. The Directors recommend that shareholders read the accompanying Notice of AGM and this Explanatory Statement in full before making any decisions relating to the Resolutions.

ORDINARY BUSINESS

Item 1: Financial Statements and Reports

The 2018 Annual Financial Report, including the Directors' Reports and the Auditor's Report for the year ended 30 June 2018, will be laid before the AGM, as required by the Corporations Act. There is no requirement for shareholders to approve the Financial Report. However, the Chairman will allow a reasonable opportunity for shareholders to ask questions or make comments about the Financial Report and the management of Vectus. Shareholders will also be given an opportunity to ask the Auditor questions about the:

- (a) conduct of the audit;
- (b) preparation and content of the Auditor's Report;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) independence of the Auditor in relation to the conduct of the audit.

In addition to taking questions at the AGM, written questions to the Chairman about the management of Vectus, the Company's Auditor, the content of the Auditor's Report and the conduct of the audit may be submitted no later than five business days before the date of the AGM to PO Box 324, Crows Nest, NSW 1585.

Vectus' 2018 Annual Report is available on its website at:
<http://www.vectusbiosystems.com.au/investor-centre/reports-and-presentations>.

General Explanatory Notes Applying to Resolution 1

The Company undertakes appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director and provides security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director. These include checks as to the person's character, experience, education, criminal record and bankruptcy history. Candidates for appointment or election as Non-Executive Directors provide the Board with the information above and a consent for Vectus to conduct any background or other checks the Company would ordinarily conduct. The candidate also provides details of his or her other commitments and an indication of time involved, and specifically acknowledges to Vectus that he or she will have sufficient time to fulfil his or her responsibilities as a director. A candidate for election as a Director of the Company discloses to Vectus all interests, positions, associations and relationships that may bear on his or her independence.

Resolution 1: To Elect a Director – Mr Maurie Stang

Non-Executive Director Mr Maurie Stang has a 30-year track record of building successful companies in the Australasian healthcare market and is recognised as one of its most respected business executives. He has significant experience and an extensive network within the life-sciences, pharmaceutical and finance sectors, both in Australia and internationally. Mr M Stang is a Principal of GryphonCapital, an independent investment house that facilitates the financing and development of emerging health-care related entities. He is also a Founder and Director of Henry Schein Halas, a joint venture with the NASDAQ listed Henry Schein, Inc., the leading wholesale supplier of dental products in Australasia. Mr M Stang is a Director of Novapharm

Research (Australia) Pty Ltd and of Regional Health Care Group (a diversified healthcare product supplier, with successful businesses across a range of medical, pharmaceutical, consumer healthcare, and research and development sectors).

Mr Stang was appointed to the Board on 12 December 2005 (i.e. the term of office he has currently served as a Director of the Company is 12 years and 10 months). Mr Stang is not considered by the Board to be an independent Director of Vectus as he is a substantial shareholder of the Company. Shareholders are being asked to re-elect him as a Non-Executive Director at Vectus' AGM.

Directorships held in other listed entities in the past three years: Non-Executive Chairman of Nanosonics Limited (ASX:NAN) since it listed on 15 May 2007 (and a member of its Board since 14 November 2000) and Non-Executive Chairman of Aeris Environmental Ltd (ASX:AEI) since 24 July 2002.

Directors' Recommendation:

The Board, with Mr Stang abstaining, recommends that shareholders vote in favour of Resolution 1.

Resolution 2: To Adopt the Remuneration Report

Vectus' Remuneration Report is required to be considered for adoption in accordance with the Corporations Act 2001 (Cth). The Remuneration Report is contained in the Directors' Report of the Annual Report. The vote on this Resolution is advisory only and non-binding. The Resolution gives the members the opportunity to ask questions or make comments concerning the Remuneration Report during the AGM. Under the Corporations Act 2001 (Cth), if 25% or more of votes that are cast vote against the adoption of the Remuneration Report at two consecutive AGMs, shareholders will be required to vote at the second of those AGMs on a resolution (a spill resolution) that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director) must go up for re-election. Vectus encourages all shareholders to cast their votes on this Resolution.

Any undirected proxies held by the Chairman of the Meeting, other Directors, other key management personnel (KMP) or any of their closely-related parties will not be included in the votes for this Resolution. However, the Company need not disregard a vote by any such persons if it is cast by any of them as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the person who is chairing the AGM as proxy for a person who is entitled to vote in accordance with a direction on the Proxy Form to vote as the proxy decides. The KMP of Vectus are the Directors of the Company, and those other persons having authority and responsibility for planning, directing and controlling the activities of Vectus, directly or indirectly. The Remuneration Report identifies the Company's KMP for the financial year to 30 June 2018. Closely-related parties are defined in the Corporations Act 2001 (Cth), and include certain family members, dependents and companies that the KMP control.

Directors' Recommendation:

The Board recommends that shareholders vote in favour of Resolution 2. Voting exclusions apply.



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PROXY FORM

I / We
(full name in block letters)

of
(address)

being a Shareholder / Shareholders of Vectus Biosystems Limited (the Company) appoint:

.....
(name of proxy holder)

or failing the person so named (or if no person is named) the **Chairman of the Meeting** as my / our proxy to vote in accordance with the following directions (or if no directions have been given, as the proxy or the Chairman see fit) at the Annual General Meeting (AGM) of the shareholders of the Company to be held at the offices of Shelston IP, Level 21, 60 Margaret Street, Sydney on Wednesday, 14 November 2018 commencing at 3:30pm, and at any adjournment.

Exercise of Proxy by Chairman

For undirected proxies, the Chairman intends to vote in favour of each of the Resolutions.

Chairman Authorised to Exercise Undirected Proxies on Remuneration-Related Resolution

Where I / we have appointed the Chairman of the Meeting as my / our proxy (or the Chairman becomes my / our proxy by default), I / we expressly authorise the Chairman to exercise my / our proxy on Resolution 2 (except where I / we have indicated a different voting intention below) even though Resolution 2 is connected directly or indirectly with the remuneration of members of key management personnel, which includes the Chairman.

Important Note

If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolution 2 by marking the appropriate box below. If you desire to direct your proxy / proxies how to vote (or to abstain from voting) on any Resolution, please insert an X in the appropriate box. If you do not direct your proxy / proxies, the proxy holder may vote as they think fit or may abstain from voting.

ORDINARY BUSINESS

For Against Abstain

Resolution 1 – To Elect a Director – Mr Maurie Stang

Resolution 2 – To Adopt the Remuneration Report

Executed in accordance with section 127 of the Corporations Act:

Signature of shareholder (This section **MUST** be signed to enable your directions to be implemented. Companies are to execute under seal or director’s signature if applicable.)

Dated this _____ day of _____ 2018

Signing Instructions

You **must** sign this Proxy Form, in the spaces provided, as follows:

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

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

Power of Attorney: If you are signing under a Power of Attorney, you must lodge an original or certified photocopy of the appropriate Power of Attorney with your completed Proxy Form.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this Proxy Form must be signed by that person.

If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone.

Otherwise this Proxy Form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by completing the information in the appropriate place.

If a representative of a company shareholder or a company proxy is to attend the AGM the appropriate Appointment of Corporate Representative Certificate should be produced prior to admission. This form may be obtained from the Company.



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If Appointing a Second Proxy

State here the percentage of your voting rights:

or
the number of shares applicable to this Proxy Form:

Name of Second Proxy Holder

Insert your daytime telephone number:

Note: for your proxy to be entitled to vote your shares at the AGM, the Company must receive the completed Proxy Form not later than 48 hours prior to the AGM.

Proxy Information

Additional Proxy Forms will be supplied by the Company on request. A body corporate may appoint a representative to attend, vote at and otherwise act for it at the AGM in accordance with section 250D of the Corporations Act 2001.

1. A Shareholder entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote in their place. A proxy need not be a Shareholder of the Company.
2. When more than one proxy is appointed, each proxy must be appointed to represent a specified number of shares held by the Shareholder. Neither proxy may then vote by a show of hands.
3. Proxies must be appointed in writing under the hand of the Shareholder or the Shareholder's attorney, or if the Shareholder is a company under its common seal or the hand of a duly authorised attorney and in accordance with the Corporations Act.
4. To be effective, proxies, and the Power of Attorney if applicable, must be lodged with the Company not less than 48 hours before the appointed time for the holding of the AGM.

To be effective, the Proxy Form and the Power of Attorney or other authority (if any) under which it is signed (or a certified copy) must be received by Vectus at least 48 hours before the time for holding the AGM (as specified in the Company's Constitution) i.e. by 3:30pm on Monday, 12 November 2018, by:

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