

ALLEGRA ORTHOPAEDICS LIMITED NOTICE OF 2020 ANNUAL GENERAL MEETING

Notice is hereby given that the 2020 Annual General Meeting of Allegra Orthopaedics Limited ACN 066 281 132 will be held via Zoom Virtual Meeting on Wednesday, 28 October 2020 at 9:00 am AEDT.

The attached Explanatory Statement is provided to supply Shareholders with information to enable Shareholders to make an informed decision regarding the Resolutions set out in this Notice. The Explanatory Statement is to be read in conjunction with this Notice.

Due to the current COVID-19 pandemic restrictions, the Meeting will be held as a fully virtual annual general meeting via Zoom conference.

To join the Meeting via conference facility please register to attend by 5:00 pm AEDT on 22 October 2020 by contacting the Company Secretary Justyn Stedwell by email to justyn@stedwell.com.au or by calling (03) 8395 5446. Instructions regarding attending, voting and asking questions at the Meeting will be provided upon registration.

Capitalised terms used in this Explanatory Statement are defined in the Glossary.

1. Agenda for the Meeting

Financial statements and reports

The Meeting will consider the financial statements and reports of the Company including the income statement, balance sheet, statement of changes in equity, cash flow statement, the notes to the financial statements, the Directors' declaration and the reports of the Directors and Auditors for the financial year ended 30 June 2020.

While no resolution is required in relation to this item, Shareholders will be given the opportunity to ask questions and make comments on the Company's financial statements and reports.

The Company's auditor, Crowe Horwath Sydney, will be present at the Meeting and Shareholders will have an opportunity to ask the auditor questions in relation to the conduct of the audit, the auditor's report, the Company's accounting policies, and the independence of the auditor.

The Allegra Orthopaedics Limited 2020 Annual Report can be viewed online at the Company's website www.allegraorthopaedics.com on the "ASX Information" page under "Company information".

Resolution 1 - Adoption of Remuneration Report

To consider and if thought fit, pass the following resolution as a non-binding resolution:

"That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the year ended 30 June 2020 included in the Directors' Report, which is attached to the Financial Statements as required under section 300A of the Corporations Act, be adopted by the Company."

Voting Exclusion Statement: In accordance with the Corporations Act the Company will disregard any votes cast in relation to this resolution by or on behalf of the Key Management Personnel, which includes the Directors and executives in the consolidated group whose remuneration is included in the Remuneration Report and their closely related parties (Excluded Persons). However, the Company need not disregard a vote if:

- it is cast by an Excluded Person 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 chairing the meeting 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.

Resolution 2 – Re-election of Sean Mulhearn as a Director

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, Sean Mulhearn, being a Director of the Company, retires pursuant to the Company’s constitution, and having offered himself for re-election and being eligible, is re-elected as a Director of the Company.”

Resolution 3 – Ratify the previous issue of 4,806,000 Shares

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That for the purposes of ASX Listing Rule 7.4 and all other purposes, the previous issues of 4,806,000 Shares issued in consideration for the acquisition of patents held by the by the University of Sydney, as referred to in the Explanatory Statement, is approved.”

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

- a person who participated in the issue or is a counterparty to the agreement being approved; or
- an associate of that person or persons.

However, this does not apply to a vote cast in favour of a resolution 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
- the Chair 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
- 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.

Resolution 4 – Approve the Issue of 3,000,000 Options to Dr Nicholas Hartnell

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 3,000,000 Unlisted Options to Dr Nicholas Hartnell, a director of the Company, on the terms and conditions set out in the Explanatory Statement.”

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

- Nicholas Hartnell or his nominee and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- an associate of that person or persons.

However, this does not apply to a vote cast in favour of a resolution 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
- the Chair 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
- 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.

Resolution 5 – Adoption of Employee Share Option Plan

To consider and, if thought fit, to pass, with or without amendment, the following as an ordinary resolution:

"That, for the purposes of Listing Rule 7.2 (Exception 13) of the ASX Listing Rules and for all other purposes, approval is given for the Company to adopt the Company's employee share option plan (Plan) and to allot and issue Options pursuant to the Plan, the terms of which is set out in the Explanatory Statement accompanying this Notice of Meeting."

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

- a person who is eligible to participate in the employee incentive scheme; or
- an associate of that person or persons.

However, this does not apply to a vote cast in favour of a resolution 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
- the Chair 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
- 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.

Resolution 6 – Approval of additional capacity to issue Shares under ASX Listing Rule 7.1A

To consider and, if thought fit, pass the following resolution as a special resolution:

"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of equity securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Statement."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution by a person who may participate in the 10% Placement Facility issue and a person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if this Resolution is passed, and any associates of those persons.

However, this does not apply to a vote cast in favour of a resolution 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
- the Chair 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
- 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.

2. Determination of voting entitlement

For the purpose of determining a person's entitlement to vote at the Meeting, a person will be recognised as a shareholder and the holder of Shares if that person is registered as a holder of those Shares at 7:00 pm AEDT on Monday, 26 October 2020.

3. Votes

Voting on each resolution will be on a poll, every member present in person or by attorney or by proxy or, in the case of a body corporate, by a representative, shall have one vote for each share held by him, her or it.

In the case of joint shareholders, all holders may attend the Meeting but only one holder may vote at the Meeting in respect of the relevant shares (including by proxy). If more than one joint holder is present, and more than one of the joint holders vote in respect of the relevant shares, only the vote of the joint holder whose name stands first in the register in respect of the relevant shares is counted.

4. Proxies

A Shareholder entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of the Shareholder.

Where the Shareholder is entitled to cast two or more votes, the Shareholder may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, each proxy may exercise half of the votes. A proxy need not be a Shareholder.

To be effective, the instrument of appointment of a proxy (and power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority) must be received by the Company's share registry per the instructions on the Proxy Form by 9am AEDT on Monday 26 October 2020.

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on the Resolutions by marking either "For", "Against" or "Abstain" on the form of proxy for that item of business.

Subject to the voting restrictions set out in the Voting Exclusion Statements, the Chairperson will vote undirected proxies on, and in favour of all Resolutions.

If the proxy is the Chairman, the Chairman can vote undirected proxies on the Resolutions 1, 4 and 5 provided that, the proxy form expressly authorises the Chairman to vote undirected proxies even though the Resolutions are connected with the remuneration of or the issue of securities to key management personnel.

A Proxy Form accompanies this Notice of Meeting.

5. Questions and Comments by Shareholders at the Meeting

A reasonable opportunity will be given to Shareholders to ask questions and/or make comments on the management of the Company at the Meeting.

A reasonable opportunity will be given for Shareholders to ask questions of the Company's external auditor, Crowe Horwath Sydney. These questions should be relevant to:

- a) the conduct of the audit;
- b) the preparation and contents of the audit report;
- c) the accounting policies adopted by the Company in relation to the preparation of its financial statements; and
- d) the independence of the auditor in relation to the conduct of the audit.

Shareholders may also submit a written question to Crowe Horwath Sydney if the question is relevant to the content of the audit report or the conduct of its audit of the Company's financial report for the year ended 30 June 2020. Relevant written questions for Crowe Horwath Sydney must be received by the Company no later than 9:00 am AEDT on Wednesday 21 October 2020. A representative of Crowe Horwath Sydney will provide answers to the questions at the Meeting.

Justyn Stedwell

Company Secretary

On behalf of the Board of Directors

Allegra Orthopaedics Limited

EXPLANATORY STATEMENT

This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in this Notice.

The Directors recommend that Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

Resolution 1: Adoption of remuneration report

In accordance with Section 300A(1) of the Corporations Act the Remuneration Report is included in the Directors Report for the financial year ended 30 June 2020.

The Remuneration Report sets out details of the remuneration received by the Directors and key Company executives, in addition to describing Board policy in respect of remuneration. Resolution 1 seeks Shareholder approval of the adoption of the Remuneration Report by the Company.

The outcome of this resolution is not binding on the Company or the Board. However, sections 250U to 250Y of Corporations Act require a 'two strikes and re-election' process in relation to the shareholder vote on the Remuneration Report and provide that:

- A 'first strike' will occur if this Remuneration Report resolution receives a 'no' vote of 25% or more. If this occurs, the Company's subsequent remuneration report will contain an explanation of the Board's proposed action in response to the 'no' vote or an explanation of why no action has been taken by the Board.
- A 'second strike' will occur if the resolution to adopt the Remuneration Report at the 2021 Company Annual General Meeting also receives a 'no' vote of 25% or more. If this occurs, shareholders will vote at that Annual General Meeting to determine whether the Directors will need to stand for re-election at a separate, subsequent meeting (the 'spill resolution'). If the spill resolution passes with 50% or more of eligible votes cast, the spill meeting must take place within 90 days.

The Company has not received a 'first strike'.

The Remuneration Report is set out in the Company's 2020 Annual Report. The Allegra Orthopaedics Limited 2020 Annual Report can be viewed online at the Company's website, www.allegraorthopaedics.com.

Resolution 2 – Re-election of Sean Mulhearn as a Director

In accordance with the Company's Constitution, Sean Mulhearn, a Director of the Company retires by rotation at this Annual General Meeting and offers himself for election as a Director.

Details of Sean's qualifications, experience and special responsibilities are set out in the Company's 2020 Annual Report. Sean is an Independent Non-Executive Director of the Company.

Resolution 3 – Ratify the previous issue of 4,806,000 Shares

As announced by the Company on 6 July 2020, the Company acquired all the registered patents and application for patents held by the by the University of Sydney in relation to a unique bio ceramic material known as Sr-HT-Gahnite. In consideration for the acquisition, on 6 July 2020 Allegra issued 4,806,000 ordinary shares to the University of Sydney. All Shares were issued pursuant to the Company's placement capacity under 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.

The issue of 4,806,000 Shares contemplated by Resolution 3 does not fit within any of these exceptions and, as it has not yet been approved by the Company's Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further Equity Securities without shareholder approval under Listing Rule 7.1 for the 12 month period following the issue date.

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 that rule.

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 issued under Listing Rule 7.1.

To this end Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares.

If Resolution 3 is passed, the issue of 4,806,000 Shares contemplated by Resolution 3 will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the issue date.

In the event that Shareholders do not approve Resolution 3, the issue will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the issue date.

Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 3:

Persons to whom securities will be issued	The Shares were issued to the University of Sydney who was not a related party of the Company at the time of the issue.
Maximum number of securities to be issued	4,806,000 Shares.
Terms of issue	The Shares are Ordinary Fully Paid Shares and rank pari passu with the other Shares on issue and are on the same terms as the other Shares on issue.
Date of Issue	The Shares were issued on 6 July 2020.
Issue price per security	The Shares were issued for nil cash consideration in consideration for the acquisition of patents held by the by the University of Sydney. The shares had deemed issue price of \$0.104 per Share.
Intended use of funds	No funds were raised from the issue of shares.

A voting exclusion statement is contained in Resolution 3.

Directors' recommendation

The Directors recommend Shareholders vote in favour of this Resolution. The Chair intends to vote all available proxies in favour of this Resolution 3.

Resolution 4 – Approve the Issue of 3,000,000 Options to Dr. Nicholas Hartnell

The Company proposes to issue 3,000,000 Options on to Dr. Hartnell and/or his nominee on the terms and conditions set out below. The issue of options to directors as a form of incentive-based remuneration is common practice in listed companies and further encourages and rewards efforts by directors to improve the performance of the Company to the commercial benefit of all Shareholders.

The Board believes it is important to offer these Options to continue to attract and maintain highly experienced and qualified Board members in a competitive market. In addition, the Options may provide the Company with additional funding (if the Options are exercised).

The Options are being offered to Dr. Hartnell in recognition of additional consulting work performed by Dr. Hartnell to date and to be performed up to 31 December 2021 which he is not currently remunerated for and is considered to be beyond the scope of his duties as a Non-Executive Director of the Company.

Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give financial benefit to a related party of the public company, the public company or entity must:

- obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The issue of options to Nicholas Hartnell constitutes giving a financial benefit and Nicholas Hartnell is a related party by virtue of being a Director.

The Directors (other than Dr. Hartnell who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Options to Dr. Hartnell because the Options form part of his remuneration as an officer of the Company and the remuneration is reasonable given Nicholas' circumstances and the circumstances of the Company.

Accordingly, approval will not be sought under Chapter 2E for the issue of these Options to Nicholas Hartnell.

ASX Listing Rule 10.11

Under ASX Listing Rule 10.11, Shareholder approval is required for the issue of equity securities to a related party of a listed company. Once approval is obtained pursuant to Listing Rule 10.11, the Company is entitled to rely on Listing Rule 7.2, Exception 14 as an exception to any requirement that may otherwise apply requiring Shareholder approval under Listing Rule 7.1.

It is proposed that Options be issued to Dr. Hartnell as part of his remuneration as an officer and key advisor of the Company.

As mentioned above, the Board has formed the view that the issue of Options to Nicholas Hartnell does not require Shareholder approval under section 208 of the Corporations Act, as the Options form part of Nicholas' remuneration as an officer of the Company.

Information required by ASX Listing Rule 10.13

In compliance with the information requirements of ASX Listing Rule 10.13, Shareholders are advised of the following particulars on the allotment and issue:

Maximum number of securities to be issued	3,000,000 Options
Date of issue	If Shareholder approval is obtained, the issue of the Options will occur no later than one month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules).
Issue price per security	Options will be issued for nil consideration.
Terms of issue	Each Option will entitle the holder to subscribe for one Share in the Company and will expire 4 years from the date of issue. The Options will be exercisable \$0.15 per Option, and will otherwise be issued on the terms and conditions set out in Annexure A.
Persons to whom securities will be issued	Dr. Nicholas Hartnell a Director of the Company, or his nominee.
ASX Listing Rule 10.11 Category	Nicholas Hartnell is a related party of the Company within listing rule 10.11, by virtue of being a Director of the Company.
Purpose of the issue	The issue of Options is intended to remunerate and incentivise Nicholas Hartnell.
Current remuneration	Excluding the Options the subject of this resolution, Nicholas Hartnell is currently entitled to director's fees of \$45,000, in the past 2 prior financial years he has received fees totaling \$45,000 each year as total remuneration.
Intended use of funds	No funds will be raised from the issue of Options.

Board recommendation and Chair's vote

The Directors (with Nicholas Hartnell abstaining) unanimously recommend that Shareholders vote in favour of Resolution 4. The Chair intends to vote all available proxies in favour of this Resolution 4.

Resolution 5 – Adoption of Employee Share Option Plan

Background

The Board has adopted an Employee Share Option Plan for employees (including Directors) of the Company, known as the "Allegra Orthopaedics Limited Employee Share Option Plan" (The Plan). The Plan was last approved by shareholders at the Company's 25 October 2017 Annual General Meeting. The Plan is designed to increase the motivation of staff and create a stronger link between increasing Shareholder value and employee reward.

The Company wishes to exempt issues of Options under the Plan from contributing towards the rolling annual limit of 15% of issued ordinary shares prescribed by Listing Rule 7.1 (i.e. the 15% placement capacity). This limit otherwise applies to all new issues of equity securities made without Shareholder approval.

The purpose of the Plan is to:

- Assist in the reward, retention and motivation of eligible employees;
- Link the reward of eligible employees to shareholder value creation; and
- Align the interests of eligible employees with Shareholders by providing an opportunity to eligible employees to receive an equity interest in the form of Shares.

Since it was last approved at the Company's 25 October 2017 Annual General Meeting 3,372,538 Options have been issued to eligible employees under the Plan.

Resolution 5 seeks Shareholders approval for the adoption of the Plan for the purposes of:

- (a) ASX Listing Rule 7.2 (Exception 13(b)) as an exception to ASX Listing Rule 7.1 (whereby Shareholders may approve in advance the issue of securities made under the Plan as an exception to the limit under Listing Rule 7.1);
- (b) section 259B(2) of the Corporations Act (which relates to the Company taking security over its own shares); and
- (c) section 260C(4) of the Corporations Act (which relates to the Company or a subsidiary giving financial assistance to employees to acquire shares under the Share Plan).

The significance of these approvals is discussed below.

ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.2 (Exception 13(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 5 is passed, the Company will be able to issue equity securities under the Plan (Plan Options) to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

In the event that Shareholders do not approve Resolution 5, the Company will not be able to issue Plan Options to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without seeking Shareholder approval in any 12 month period.

Employee Share Option Plan

The objective of the Employee Share Option Plan is to attract, motivate and retain key employees and consultants and it is considered by the Company that the adoption of the Plan and the future issue of Plan Options will provide selected employees with the opportunity to participate in the future growth of the Company.

Any future issues of Plan Options to a related party or a person whose relationship with the Company or the related party is, in ASX's opinion, such that approval should be obtained, will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

A summary of the key terms and conditions of the Plan is set out below. In addition, a copy of the Plan is available for review by Shareholders upon request to the Company Secretary (Mr Justyn Stedwell). Shareholders are invited to contact the Company if they have any queries on +61 3 8395 5446.

Material terms and conditions of the Plan

The key terms of the Plan are as follows:

- (a) **Eligibility:** Participants in the Scheme may be Directors, full-time and part-time employees, consultants or independent contractors of the Company or any of its subsidiaries whom the Directors decide are eligible (Participants).
- (b) **Administration of Plan:** The Board is responsible for the operation of the Plan and has a broad discretion to determine which Participants will be offered Options under the Plan.
- (c) **Offer:** The Board may issue an offer to a Participant to participate in the Plan. The offer (among other things):
 - (i) will invite application for the number of Options specified in the offer;
 - (ii) will specify the exercise price of the Options;
 - (iii) will specify any vesting conditions which are to apply to the Options;
 - (iv) will specify the vesting date or how the vesting date will be determined
 - (v) will specify an acceptance period; and
 - (vi) specify any other terms and conditions attaching to the Options.
- (d) **Issue price:** the issue price of each Plan Option will be nil, unless otherwise determined by the Board
- (e) **Vesting conditions and restriction on transfer:** Plan Options may be subject to vesting conditions (such as performance criteria as determined by the Board) which must be satisfied before the Plan Options can be exercised or transferred by the Participant. Options cannot be sold, transferred or encumbered by the Participant until, subject to any vesting conditions being satisfied (or waived by the Board in its sole and absolute discretion). The Company is authorised to impose a holding lock on the Plan Options to implement this restriction.
- (g) **Unfulfilled vesting conditions:** Where a vesting conditions in relation to Plan Options is not satisfied by the due date, or becomes incapable of satisfaction in the opinion of the Board, the Company must, unless the restriction condition is waived by the Board (in its sole and absolute discretion), then the Plan Options will lapse.
- (i) **Plan limit:** The Company must take reasonable steps to ensure that the number of Plan Options offered by the Company under the Share Plan when aggregated with:
 - (i) the number of securities issued during the previous 3 years under the Plan (or any other employee share plan extended only to eligible employees); and

- (ii) the number of Shares that would be issued if each outstanding offer for Shares (including options to acquire unissued Shares) under any employee incentive scheme of the Company were to be exercised or accepted,

does not exceed 5% of the total number of Shares on issue at the time of an offer (but disregarding any offer of Shares or option to acquire Shares that can be disregarded in accordance with relevant ASIC Class Orders). The maximum number of securities to be issued under the Plan is 10,000,000.

Board recommendation and Chair's vote

Consistent with ASIC guidance in Regulatory Guide 76 the Directors abstain from making a recommendation in relation to this resolution in accordance with good corporate governance practice and a potential conflict of interest (given their eligibility to participate in the Plan). The Chairman of the Meeting intends to vote available proxies in favour of this resolution.

Resolution 6 – Approval of additional capacity to issue shares under ASX Listing Rule 7.1A

General

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.

Under Listing Rule 7.1A, however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and which has a market capitalisation of \$300 million or less. The Company is an eligible entity for these purposes.

Resolution 6 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% capacity provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval.

If Resolution 6 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 6 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing equity securities without shareholder approval set out in Listing Rule 7.1.

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities. The Company currently has one class of quoted Equity Securities on issue, being Shares (ASX Code: AMT).

The exact number of Equity Securities that the Company may issue under an approval under ASX Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

A is the number of fully paid ordinary securities on issue at the commencement of the relevant period:

- I. plus the number of fully paid ordinary securities issued in the relevant period under an exception in ASX Listing Rule 7.2 other than exception 9, 16 or 17;
- II. plus the number of fully paid ordinary securities issued in the relevant period on the conversion of convertible securities within rule 7.2 exception 9 where:
 - a. the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
 - b. the issue of, or agreement to issue, the convertible securities was approved, or taken under the ASX Listing Rules to have been approved, under rule 7.1 or rule 7.4,
- III. plus the number of fully paid ordinary securities issued in the relevant period under an agreement to issue securities within rule 7.2 exception 16 where:
 - a. the agreement was entered into before the commencement of the relevant period; or
 - b. the agreement or issue was approved, or taken under the ASX Listing Rules to have been approved, under rule 7.1 or rule 7.4,
- IV. plus the number of any other fully paid ordinary securities issued in the relevant period with approval under rule 7.1 or rule 7.4;
- V. plus the number of partly paid ordinary securities that became fully paid in the relevant period;
- VI. less the number of ordinary securities cancelled in the relevant period.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of ordinary securities under ASX Listing Rule 7.1 or 7.4.

Information required by ASX Listing Rule 7.3A

In accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 6:

Minimum Price

Pursuant to ASX Listing Rule 7.1A.3, the minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the Company and the recipient of the securities; or
- (ii) if the Equity Securities are not issued within 10 ASX trading days of the date in paragraph (i), the date on which the Equity Securities are issued.

Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the annual general meeting at which the approval is obtained and expiring on the first to occur of the following:

- (i) The date that is 12 months after the date of the annual general meeting at which the approval is obtained.
- (ii) The time and date of the entity's next annual general meeting.
- (iii) the time and date of approval by Shareholders of any transaction under ASX Listing Rule 11.1.2 (a significant change to the nature or scale of the Company's activities) or ASX Listing Rule 11.2 (disposal of the Company's main undertaking) after which date an approval under ASX Listing Rule 7.1A ceases to be valid.

Risk of voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Equity Securities under the issue.

If Resolution 6 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A.2, on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Table 1

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.095 50% decrease in Issue Price	\$0.19 Issue Price	\$0.38 100% increase in Issue Price
Variable A - 104,392,536 Shares	10% Voting Dilution	10,439,254 Shares	10,439,254 Shares	10,439,254 Shares
	Funds Raised	\$ 991,729	\$ 1,983,458	\$ 3,966,916
50% increase in Variable A - 156,588,804 Shares	10% Voting Dilution	15,658,880 Shares	15,658,880 Shares	15,658,880 Shares
	Funds Raised	\$ 1,487,594	\$ 2,975,187	\$ 5,950,375
100% increase in Variable A - 208,785,072 Shares	10% Voting Dilution	20,878,507 Shares	20,878,507 Shares	20,878,507 Shares
	Funds Raised	\$ 1,983,458	\$ 3,966,916	\$ 7,933,833

Table 1 has been prepared based on the following assumptions:

- Variable A is calculated as 7:00 pm AEST on 15 September 2020.

- The Company issues the maximum number of equity securities available under the Additional Placement Capacity.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue.
- The table shows only the issue of equity securities under the Additional Placement Capacity and not under ASX Listing Rule 7.1.
- The issue of equity securities under the additional placement capacity includes only Shares.
- The Issue Price of \$0.19 was the price of Shares as traded on ASX as the time of preparing this Notice (15 September 2020).

Risk of economic and voting dilution

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

Allocation policy under the 10% Placement Capacity

The Company's allocation policy for the issue of Equity Securities under the 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed placement(s).

The recipients of the Equity Securities which may be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- I. the purpose of the issue;
- II. alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- III. the effect of the issue of the Equity Securities on the control of the Company;
- IV. the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- V. prevailing market conditions; and
- VI. advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

Previous approval under ASX Listing Rule 7.1A

As at the date of this Notice, in the 12 months preceding the date of the Meeting, no securities have been issued by the Company under ASX Listing Rule 7.1A.

The information below is provided in accordance with ASX Listing Rule 7.3A.6 (b) and details Equity Securities issued by the Company in the 12 months prior to the Meeting.

Table 2 below, details Shares (and total Equity Securities) issued by the Company in the 12 months prior to the proposed date of the Meeting. As at the date of the Notice, the Company has raised \$3,435.50 from the issue of Shares in the 12 months prior to the date of the Meeting. All of the funds raised has been used to for working capital purposes.

Table 2

Date of Issue	Number and class of securities	Issue Price per unit (\$)	Closing Price*	Discount /Premium#	Issued to / basis of issue	Cash / Non-Cash	Funds Raised or value if non-cash
06/07/20	27,484 Ordinary Shares	\$0.125	\$0.52	76%	Issued upon exercise of options	Cash	\$3,435.50
06/07/20	4,806,000 Ordinary Shares	Nil	N/A	N/A	Issued in consideration for the acquisition of patents held by the by the University of Sydney	Non-cash	\$500,000
31/01/20	1,900,000 Unlisted Options with an exercise price of \$0.16 per Option expiring 31 January 2016	Nil	N/A	N/A	Unlisted options were issued to eligible employees in accordance with the Company's Employee Share Option Plan	Non-cash	\$0.0436 per Option

* *Closing Price: Closing price of Shares as traded on ASX on Date of Issue.*

Discount: % Discount of Issue Price to Closing Price.

A voting exclusion statement is included in this Notice. In accordance with ASX Listing Rule 14.11.1 and the relevant Note under that rule concerning Rule 7.1A, as at the date of this Notice of Meeting it is not known who may participate in the proposed issue (if any). On that basis, no security holders are currently excluded.

FURTHER INFORMATION

Justyn Stedwell
Company Secretary
Phone: +61(0)3 8395 5446

Allegra Orthopaedics Limited
Level 8, 18-20 Orion Road,
Lane Cove West, NSW 2066
www.allegraorthopaedics.com

GLOSSARY

In the Notice of Meeting and Explanatory Statement the following terms have the following meanings:

AEDT means Australian Eastern Daylight Savings Time.

AEST means Australian Eastern Standard Time.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the listing rules of ASX.

Board means the board of directors of the Company.

Company or **Allegra** means Allegra Orthopaedics Limited (ACN 066 281 132).

Corporations Act means Corporations Act 2001 (Cth).

Director means a current director of the Company.

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

Meeting means the 2020 Annual General Meeting of the Shareholders of the Company to be held on Wednesday 26 October 2020, to which the Notice of Meeting and Explanatory Statement relate.

Notice of Meeting means this notice of meeting of the Company dated 24 September 2020.

Option means an option to acquire a Share

Resolution means a resolution referred to in the Notice.

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

Shareholder means a holder of Shares.

Words importing the singular include the plural and vice versa. All references to currency are in Australian dollars.

ANNEXURE A – TERMS OF OPTIONS

Entitlement	Each Option entitles the holder (Option Holder) to subscribe for 1 Share (Option Share) on exercise of the Option.
Exercise price	\$0.15.
Exercise period	The Options are exercisable at any time before the date that is 4 years from the date of issue.
Expiry date	Any Option not exercised before the end of the exercise period will automatically lapse.
Exercise notice	The Options may be exercised during the exercise period by notice in writing to the Company.
Shares issued on exercise	Shares issued on exercise of the Options will rank equally with the then issued Shares of the Company.
Quotation of Options	Options will be unlisted options.
Transferability of Consideration Options	Subject to the Corporations Act, the Listing Rules, and the constitution of the Company, each Option is freely transferable.
Bonus issues	If after the date on which the Options are issued, the Company makes a bonus issue of Shares (Bonus Issue) before some or all of the Options have been exercised, then the number of Option Shares to be issued on exercising those Options will be increased by the number of additional Option Shares to which the Option Holder would have been entitled had the Options held by the Option Holder at the record time for the Bonus Issue been exercised before the record time for the Bonus Issue.
Adjustment for rights issue	<p>If after the date on which the Options are issued, the Company makes a pro rata issue of Shares (other than a Bonus Issue to Shareholders, then the exercise price of each unexercised Option will be reduced according to the following formula:</p> $O - \frac{E[P - (S + D)]}{N + 1}$ <p>New exercise price =</p> <p>O = the old exercise price of the Option;</p> <p>E = the number of underlying Shares to which 1 Option is exercisable;</p> <p>P = the average market price per Share (weighted by reference to the volume) of the underlying Shares during the 5 trading days ending on the day before the ex-rights date or ex-entitlements date;</p> <p>S = the subscription price of a Share under the pro rata issue;</p> <p>D = any dividend per Share due but not yet paid on the existing Shares (except those to be issued under the pro rata issue); and</p> <p>N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share under the pro rata issue.</p>

LODGE YOUR VOTE

 **ONLINE**
www.linkmarketservices.com.au

 **BY MAIL**
 Allegra Orthopaedics Limited
 C/- Link Market Services Limited
 Locked Bag A14
 Sydney South NSW 1235 Australia

 **BY FAX**
 +61 2 9287 0309

 **BY HAND**
 Link Market Services Limited
 1A Homebush Bay Drive, Rhodes NSW 2138

 **ALL ENQUIRIES TO**
 Telephone: 1300 554 474 Overseas: +61 1300 554 474

PROXY FORM

I/We being a member(s) of Allegra Orthopaedics Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name and email of the person or body corporate you are appointing as your proxy

Name

Email

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **9:00am (AEDT) on Wednesday, 28 October 2020 (the Meeting)** and at any postponement or adjournment of the Meeting.

The Meeting will be conducted as a Zoom meeting and you can participate by registering your attendance by contacting the Company Secretary Justyn Stedwell by email to justyn@stedwell.com.au or by calling (03) 8395 5446, following which you will receive the dial-in details of the Meeting.

Important for Resolutions 1 & 4: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1 & 4, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).


The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an .

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Adoption of Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Sean Mulhearn as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Approval of additional capacity to issue Shares under ASX Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approve the previous issue of 4,806,000 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
4 Approve the Issue of 3,000,000 Options to Nicholas Hartnell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

 * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)	Joint Shareholder 2 (Individual)	Joint Shareholder 3 (Individual)
<input type="text"/>	<input type="text"/>	<input type="text"/>
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).



STEP 1

STEP 2

STEP 3

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name and email address of that individual or body corporate in Step 1. If you leave this section blank, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

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

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this 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 form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting Virtually the appropriate "Certificate of Appointment of Corporate Representative" must be received at registrars@linkmarketservices.com.au prior to admission in accordance with the Notice of Annual General Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **9:00am (AEDT) on Monday, 26 October 2020**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



BY MAIL

Allegra Orthopaedics Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

* During business hours (Monday to Friday, 9:00am–5:00pm)