

**Algorae Pharmaceuticals Limited
ACN 104 028 042**

Notice of Meeting and Explanatory Statement

Date: Tuesday, 26 March 2024

Time: 10.00am (Melbourne time)

Place: Thomson Geer, Level 23, Rialto South Tower, 525 Collins Street, Melbourne, VIC,
3000

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR ATTENTION. YOU SHOULD READ THIS DOCUMENT BEFORE YOU DECIDE WHETHER OR NOT TO VOTE IN FAVOUR OF THE RESOLUTIONS.

If, after reading this document, you have any questions, please contact the Company for more information or alternatively seek independent professional advice on any aspects of which you are not certain.

Important Notices

General

This Notice of Meeting and Explanatory Statement is dated 22 February 2024.

This document is important. The Explanatory Statement provides additional information on matters to be considered at the Meeting and forms part of the Notice of Meeting. You should read this document in its entirety before making a decision on how to vote on the Resolutions to be considered at the Meeting.

A proxy form for the Meeting is also enclosed. If you are in doubt as to what you should do, you should consult your legal, financial or other professional adviser. The Meeting will be a physical meeting only. If you are unable to join the Meeting, we encourage you to complete and return the enclosed Proxy Form in accordance with the instructions included in this Notice of Meeting.

The Company advises that a poll will be conducted for all Resolutions.

Interpretation

Capitalised terms used in the Notice of Meeting are defined in the Glossary at the end of this document.

All numbers are rounded unless otherwise indicated. A reference to \$ or to A\$ is to Australian currency, unless otherwise stated.

All times referred to in this Notice of Meeting are references to the time in Melbourne, Australia, unless otherwise stated.

A reference to a Section is to a section in the Notice of Meeting, unless otherwise stated.

ASIC and ASX

Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Notice of Meeting.

No financial product advice

This document is not financial product or investment advice nor is it a recommendation in respect of the Shares. It has been prepared without taking into account the objectives, financial situation or needs of Shareholders or other persons. Before deciding how to vote or act, Shareholders and other persons should consider the appropriateness of the information having regard to their own objectives, financial situation and needs, and seek legal, taxation, financial and other advice appropriate to their jurisdiction and circumstances. The Company is not licensed to provide financial product advice in respect of the Shares.

Notice of meeting

Notice is given that a general meeting of Shareholders will be held at Thomson Geer, Level 23, Rialto South Tower, 525 Collins Street, Melbourne, VIC, 3000 at 10.00am (Melbourne time) on Tuesday, 26 March 2024.

The business to be considered at the Meeting is set out below. Information on the resolutions to which the business relates is contained in the Explanatory Statement.

This Notice of Meeting should be read in conjunction with the Explanatory Statement. This Notice of Meeting and Explanatory Statement is not investment advice. You should seek your own financial and professional advice before making any decision on how to vote at the Meeting.

Terms used in this Notice of Meeting will, unless the context otherwise requires, have the same meaning given to them in the Glossary at the end of this document.

Business

Resolution 1A – Approval for Mr David Hainsworth to retain Recently Issued Shares

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

*"**THAT**, for the purposes of the ASX Requirements and for all other purposes, approval be given for Mr David Hainsworth to retain the Recently Issued Shares issued to him on or around 9 November 2023 and 28 December 2023, on the terms and conditions set out in the Explanatory Statement which accompanies this Notice of Meeting."*

Resolution 1B – Approval for Mr Bradley Dilkes to retain Recently Issued Shares

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

*"**THAT**, for the purposes of the ASX Requirements and for all other purposes, approval be given for Mr Bradley Dilkes to retain the Recently Issued Shares issued to him on or around 9 November 2023 and 28 December 2023, on the terms and conditions set out in the Explanatory Statement which accompanies this Notice of Meeting."*

Resolution 2 (Conditional Resolution) – Approval for selective buy-back of Recently Issued Shares

NOTE: THE FOLLOWING RESOLUTION 2 WILL ONLY BE PUT TO THE MEETING TO THE EXTENT THAT RESOLUTION 1A AND/OR 1B IS NOT APPROVED BY SHAREHOLDERS. IF RESOLUTIONS 1A AND 1B ARE BOTH PASSED BY SHAREHOLDERS, RESOLUTION 2 WILL BE WITHDRAWN BY THE COMPANY.

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

*"**THAT**, subject to and conditional on Resolution 1A and/or Resolution 1B not being passed by Shareholders (the Recently Issued Shares the subject of that resolution being the **Non-Approved Shares**), for the purposes of the ASX Requirements, section 257D(1)(a) of the Corporations Act and for all other purposes, approval is given for the Company to buy back the Non-Approved Shares from Mr David Hainsworth and/or Mr Bradley Dilkes (as applicable), on the terms and conditions set out in the Explanatory Statement which accompanies this Notice of Meeting."*

Voting exclusion statements

Resolutions 1A and 1B – Approval for Mr David Hainsworth and Mr Bradley Dilkes to retain Recently Issued Shares

The Company will disregard any votes cast on Resolutions 1A and 1B as a proxy by or on behalf of a member of Key Management Personnel (**KMP**), or that KMP's Closely Related Party.

However, this does not apply to a vote cast on the resolutions by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolutions, in accordance with directions given to the proxy or attorney to vote on the resolution in that way;
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolutions, in accordance with a direction given to the chair to vote on the resolutions as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) 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 resolutions; and
 - (ii) the holder votes on the resolutions in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 2 (Conditional Resolution) – Approval for selective buy-back of Recently Issued Shares

The Company will disregard any votes cast:

- (a) in favour of Resolution 2 by Mr David Hainsworth, Mr Bradley Dilkes, or any of their associates; and
- (b) on Resolution 2 as a proxy by or on behalf of a member of the KMP, or that KMP's Closely Related Party.

However, this does not apply to a vote cast on the resolution by:

- (c) 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;
- (d) 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
- (e) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) 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
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Majorities required for the Resolutions to be passed

Resolutions 1A and 1B are ordinary resolutions. As such, Resolutions 1A and 1B will be passed if more than 50% of the votes validly cast on the Resolutions (either in person, by proxy, by attorney or by corporate representative) are in favour of those Resolutions.

Resolution 2 is a special resolution. If Resolution 2 is put to Shareholders, it will be passed if 75% or more of the votes validly cast on that Resolution (either in person, by proxy, by attorney or by corporate representative) are in favour of that Resolution.

Entitlement to vote

The Company has determined, in accordance with section 1074E(2)(g)(i) of the Corporations Act and regulation 7.11.37 of the Corporations Regulations, that the Shareholders entitled to attend and vote at the Meeting shall be those persons who are recorded on the register of members at 7.00pm (Melbourne time) on Sunday, 24 March 2024. Accordingly, those persons are entitled to attend and vote (if not excluded) at the Meeting.

All Resolutions by Poll

The Chairman intends to call a poll on each of the Resolutions proposed at the Meeting. Consequently, each Resolution considered at the Meeting will be conducted by poll, rather than a show of hands.

Proxies

A proxy form accompanies this Notice.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- (a) each Shareholder entitled to vote at the Meeting has a right to appoint a proxy;
- (b) the proxy need not be a Shareholder;
- (c) a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportional number is specified, each proxy may exercise half of the Shareholder's votes; and
- (d) a Shareholder may specify the way in which the proxy is to vote on the Resolutions or may allow the proxy to vote at its discretion. If the way in which a proxy is to vote on a Resolution is specified by a Shareholder, the proxy may not vote on that Resolution except as specified by the Shareholder.

Voting of proxies

Sections 250BB and 250BC of the Corporations Act apply to voting by proxy. Shareholders and their proxies should be aware of the requirements under the Corporations Act, as they will apply to this meeting.

A member who is entitled to vote at the Meeting may appoint:

- (a) one proxy if the member is only entitled to one vote; or
- (b) one or two proxies if the member is entitled to more than one vote.

Where the member appoints two proxies, the appointment may specify the proportion or number of votes that each proxy may exercise. If the appointment does not specify a proportion or number, each proxy may exercise half of the votes, in which case any fraction of votes will be disregarded.

A proxy need not be a member of the Company.

If you require an additional proxy form, the Company will supply it on request.

Proxy forms, together with powers of attorney or other authorities (if any) under which they are signed (or a certified copy must be received by the Company at least 48 hours before the time for holding the Meeting (i.e. by no later than 10.00am (Melbourne time) on Sunday, 24 March 2024):

- (a) By post:
Algorae Pharmaceuticals Limited
C/- Automic Group
GPO Box 5193 Sydney NSW 2001
- (b) In person:
Automic
Level 5, 126 Phillip Street
Sydney NSW 2000;
- (c) By email:
meetings@automic.com.au.

Proxies given by corporate shareholders must be executed in accordance with their constitutions, or under the hand of a duly authorised attorney.

A proxy may decide whether to vote on any motion, except where the proxy is required by law or the Company's constitution to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed how to vote on an item of business, the proxy may vote on that item only in accordance with that direction. If a proxy is not directed how to vote on an item of business, the proxy may vote as he or she thinks fit.

If a Shareholder appoints the Chairman of the Meeting as the Shareholder's proxy and does not specify how the Chairman is to vote on an item of business, the Chairman will vote, as proxy for that Shareholder, in favour of the item on a poll.

Voting by corporate representatives

Corporate Shareholders or proxies wishing to vote by corporate representative should obtain an appointment of corporate representative form from the Share Registry and complete and sign the form in accordance with the corporate Shareholder's constitution or by a duly authorised attorney.

The corporate representative form and the power of attorney or other authority (if any) under which it is signed (or a certified copy thereof) must be received by before the start or resumption of the meeting at which the representative is to vote, by post in the reply paid envelope provided.

How the Chairman will vote undirected proxies

If you return your Proxy Form but do not nominate a proxy, the Chairman will be your proxy and will vote on your behalf as you direct on the Proxy Form. If your nominated representative does not attend the meeting then your proxy will revert to the Chairman and he will vote on your behalf as you direct on the Proxy Form.

If a proxy has not directed how to vote on an item of business or Resolution, the proxy (including, if applicable, the Chairman) may vote, or abstain from voting, as they think fit.

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

If you complete a Proxy Form that authorises the Chairman of the Meeting to vote on your behalf as proxy, and you do not mark any of the boxes so as to give him directions about how your vote should be cast, then you will be taken to have expressly authorised the Chairman to exercise your proxy on Resolutions 1A, 1B and 2, even though those resolutions are connected with the remuneration of a member of Key Management Personnel.

In accordance with this express authority by you, the Chairman will vote in favour of Resolutions 1A, 1B and 2. If you wish to appoint the Chairman of the Meeting as your proxy, and you wish to direct him how to vote, please tick the appropriate boxes on the proxy form.

If you appoint as your proxy any Director of the Company, except the Chairman, or any other Key Management Personnel or any of their Closely Related Parties and you do not direct your proxy how to vote on Resolutions 1A, 1B and 2, he or she will not vote.

By order of the Board



Ms Leah Pieris
Company Secretary

22 February 2024

Explanatory Statement

1. Resolutions 1A and 1B – Approval for Mr David Hainsworth and Mr Bradley Dilkes to retain Recently Issued Shares

1.1 Background

(a) At the Company's Extraordinary General Meeting on 1 September 2023 (**2023 EGM**), the Company's Shareholders approved the issue of:

- (i) 40,000,000 Performance Rights to Director David Hainsworth; and
- (ii) 40,000,000 Performance Rights to Director Bradley Dilkes,

under ASX Listing Rule 10.11 (**Relevant Approvals**), which provides that an ASX listed entity must not, unless an exception applies, issue or agree to issue securities to a related party of the entity, without the prior approval of shareholders. Mr Hainsworth and Mr Dilkes, as Directors of the Company, each classify as a "related party" under the ASX Listing Rules.

(b) The terms of the Performance Rights are set out in the Company's Notice of 2023 EGM lodged with ASX on 28 July 2023 (**2023 Notice**). Under those terms, each Performance Right will vest into a fully paid ordinary share in the capital of the Company (**Share**) upon the holder's successful achievement of certain performance and time-based conditions.

(c) The Company's issue of Performance Rights to Mr Hainsworth and Mr Dilkes was subject to the following timing requirements under the ASX Listing Rules:

- (i) Under ASX Listing Rule 10.13.5, an entity that obtains shareholder approval for the issue of securities to a related party under Listing Rule 10.11 must issue those securities by no later than 1 month after the date of the relevant shareholder meeting at which the approval was sought (**LR 10.13.5 Deadline**).
- (ii) ASX Listing Rule 14.7 states that, if an entity states in a notice of meeting that it will do something the ASX Listing Rules require it to do, the entity must do that thing. The 2023 Notice stated that the Company would issue the Performance Rights on or about 4 September 2023 (being prior to the LR 10.13.5 Deadline).

On this basis, Algorae was required to issue the Performance Rights to Mr Hainsworth and Mr Dilkes by no later than 1 October 2023 (being 1 month after the 2023 EGM); after which, the Relevant Approvals lapsed, and fresh Shareholder approval would be required to issue the Performance Rights to the Directors.

1.2 Inadvertent Breaches of ASX Listing Rules 10.11 and 14.7

(a) Due to an administrative oversight, the Company issued the Director Performance Rights to Mr Hainsworth and Mr Dilkes on 10 October 2023, being 39 days after the 2023 EGM (and therefore after the LR 10.13.5 Deadline). As a result of this inadvertent error, the issue of Performance Rights to Mr Hainsworth and Mr Dilkes was:

- (i) made without valid Shareholder approval for the purposes of ASX Listing Rule 10.11, and therefore in breach of ASX Listing Rules 10.11; and
- (ii) made after the deadline specified in the 2023 Notice, therefore breaching ASX Listing Rule 14.7,

(together, the **First Breach**).

(b) Following the issue of Performance Rights to Mr Hainsworth and Mr Dilkes on 10 October 2023:

- (i) on 9 November 2023, the Company issued 10,000,000 Shares to Mr Hainsworth and 10,000,000 Shares to Mr Dilkes, upon vesting and conversion of a portion of the Performance Rights; and
- (ii) on 28 December 2023, the Company issued 10,000,000 Shares to Mr Hainsworth and 10,000,000 Shares to Mr Dilkes upon vesting and conversion of a portion of the Performance Rights,

(the **Recently Issued Shares**).

- (c) Given that the Performance Rights were issued to the Directors without valid Shareholder approval under ASX Listing Rule 10.11, the subsequent issue of 40,000,000 Recently Issued Shares to Mr Hainsworth and Mr Dilkes upon conversion of the Performance Rights was also made in breach of ASX Listing Rule 10.11 (**Second Breach**) (the First Breach and Second Breach together, the **Breaches**).
- (d) The Breaches were inadvertent errors, and were not detected by the Company at the time that the Performance Rights and Recently Issued Shares were issued to Mr Hainsworth and Mr Dilkes.

1.3 Reason for Resolutions 1A and 1B

- (a) Following consultation with ASX in relation to the Breaches, ASX has informed Algorae that it must undertake the following remedial actions (together, the **ASX Requirements**):
 - (i) Procure the cancellation and forfeiture of such portion of Performance Rights that have not yet vested and been converted into Shares (a total of 40,000,000 Performance Rights).
 - (ii) Convene an extraordinary general meeting of its Shareholders for consideration of the following resolutions to be included in the notice of meeting:
 - (A) a resolution to approve the retention by Mr Hainsworth and Mr Dilkes of the Recently Issued Shares held by them (being Resolutions 1A and 1B of this Notice, together the **Retention Resolutions**); and
 - (B) if a Retention Resolution is not passed, a resolution for either the cancellation or buy-back of the applicable Non-Approved Shares in accordance with the relevant provisions of Part 2J of the Corporations Act (being Resolution 2 of this Notice, or the **Buy-Back Resolution**).
 - (iii) If the Buy-Back Resolution is not approved by Shareholders, the Company must procure the sale of the Non-Approved Shares, with any profits donated to a registered Australian charity.
- (b) The purpose of Resolutions 1A and 1B is to seek Shareholder approval for the retention by Mr Hainsworth and Mr Dilkes of the Recently Issued Shares held by them (thereby satisfying the ASX Requirement in paragraph 1.3(a)(ii)(A) above).
- (c) The Company notes that, in addition to the ASX Requirements, the Company has also applied holdings locks on the Recently Issued Shares until 11 January 2025.

1.4 What happens if shareholders approve/do not approve Resolutions 1A and/or 1B?

	Voting outcome	Consequences
1.	Shareholders approve Resolutions 1A and 1B	<p>If Shareholders approve both Resolutions 1A and 1B:</p> <ul style="list-style-type: none"> ▪ Mr Hainsworth and Mr Dilkes will retain the Recently Issued Shares issued to them on or around 9 November and 28 December 2023 (a total of 20,000,000 Shares each); and ▪ Resolution 2 will be withdrawn and not put to Shareholders.

2.	Shareholders approve only one of Resolutions 1A <u>or</u> 1B	<p>If Shareholders approve one of Resolution 1A or Resolution 1B (and do not approve the other Resolution), then:</p> <ul style="list-style-type: none"> ▪ The Director the subject of the approved Resolution will retain the Recently Issued Shares issued to them on or around 9 November and 28 December 2023 (a total of 20,000,000 Shares); and ▪ Shareholders will be asked to vote on the Company's buy-back of the Non-Approved Shares (a total of 20,000,000 Shares) from Mr Hainsworth or Mr Dilkes (as applicable) pursuant to Resolution 2 of this Notice.
3.	Shareholders approve neither Resolution 1A nor 1B	<p>If Shareholders approve neither Resolution 1A nor Resolution 1B, Shareholders will be asked to vote on the Company's buy-back of all Non-Approved Shares from Mr Hainsworth and Mr Dilkes (a total of 40,000,000 Shares) pursuant to Resolution 2 of this Notice.</p>

If outcomes 2 or 3 (above) eventuate, and Shareholders vote:

- (a) **In favour** of Resolution 2, then the Company will buy-back the relevant Recently Issued Shares from Mr Hainsworth and/or Mr Dilkes (as applicable) for nominal consideration, as further detailed in Resolution 2; or
- (b) **Against** Resolution 2, then the Company will be required to procure the sale of the Non-Approved Shares, with any profits to be donated to a registered Australian charity.

1.5 Board recommendation

The Board (with Mr Hainsworth and Mr Dilkes abstaining from making a recommendation in relation to Resolutions 1A and 1B respectively) recommends that Shareholders vote in favour of Resolutions 1A and 1B, on the basis that:

- (a) the Breaches were inadvertent and due to an administrative oversight (as opposed to an intentional breach of the ASX Listing Rules);
- (b) the Company sought the necessary Shareholder approvals for the issue of Performance Rights to Mr Hainsworth and Mr Dilkes in the first instance, and Shareholders approved this issue (with approximately 96% of votes being in favour of both resolutions);
- (c) a buy-back or sale of the Recently Issued Shares would require the Company to undertake a corporate procedure with associated time and monetary costs, and would require the Company to explore alternative ways to reward and incentivise Mr Hainsworth and Mr Dilkes (which may incur additional expenditure which could otherwise be applied towards working capital and strategic initiatives).

1.6 Voting exclusion statement

A voting exclusion statement applies to Resolutions 1A and 1B, as set out in the Notice of Meeting.

2. Resolution 2 (Conditional Resolution) – Approval for selective buy-back of Recently Issued Shares

2.1. Background and reason for Resolution 2

As detailed under Resolutions 1A and 1B above:

- (a) Due to an administrative oversight, the Company inadvertently issued:

- (i) an aggregate of 80,000,000 Performance Rights to Directors David Hainsworth and Bradley Dilkes on 10 October 2023, in breach of ASX Listing Rules 10.11 and 14.7; and
 - (ii) an aggregate of 40,000,000 Shares to Mr Hainsworth and Mr Dilkes on or around 9 November and 28 December 2023, upon vesting and conversion of Performance Rights, in breach of ASX Listing Rule 10.11.
- (b) Following consultation with ASX in relation to these Breaches, ASX has informed Algorae that it must undertake certain remedial actions (detailed in paragraph 1.3 of this Explanatory Statement and referred to as the **ASX Requirements**) which include:
- (i) seeking Shareholder approval for the retention by Mr Hainsworth and Mr Dilkes of the Recently Issued Shares held by them (being Resolutions 1A and 1B of this Notice, together the **Retention Resolution**);
 - (ii) if the Retention Resolution is not passed in relation to any of the Recently Issued Shares, putting a resolution to Shareholders for either the cancellation or buy-back of the Non-Approved Shares in accordance with the applicable provisions of Part 2J of the Corporations Act (being Resolution 2 of this Notice, or the **Buy-Back Resolution**); and
 - (iii) if the Buy-Back Resolution is not approved by Shareholders, the Company must procure the sale of the Non-Approved Shares, with any profits donated to a registered Australian charity.

The purpose of this Resolution 2 is to:

- (a) seek Shareholder approval for the Company to buy back the Recently Issued Shares held by Mr Hainsworth and/or Mr Dilkes, to the extent that Resolution 1A and/or 1B is not approved by Shareholders (thereby satisfying the ASX Requirement set out in paragraph 2.1(b)(i) above); and
- (b) satisfy the Shareholder approval requirements under Part 2J of the Corporations Act for the selective buy-back and cancellation of the relevant Recently Issued Shares (if applicable).

Resolution 2 is a **special resolution**, and therefore requires not less than 75% of all votes validly cast on the resolution, by Shareholders entitled to vote, to be in favour of the resolution, for it to be passed.

2.2. Resolution 2 conditional

Resolution 2 is a **conditional resolution**. Resolution 2 will only be put to a vote at the Meeting if, and to the extent that, the retention of any Recently Issued Shares by Mr Hainsworth and/or Mr Dilkes under Resolution 1A and/or 1B is not approved by Shareholders.

If Resolutions 1A and 1B are both approved by Shareholders, Resolution 2 will be withdrawn by the Company.

2.3. Information required under the Corporations Act

Regulatory framework

If Resolution 2 is put to the Meeting, and Shareholders approve the Company's buy-back of Recently Issued Shares held by Mr Hainsworth and/or Mr Dilkes, the Company's repurchase of these Shares would constitute a "selective buy-back" under the Corporations Act.

In accordance with the Corporations Act, a company can conduct a selective buy-back if:

- (a) the buy-back does not materially prejudice the company's ability to pay its creditors; and
- (b) the company follows the procedures set out in Division 2 of Part 2J.1 of the Corporations Act.

Under section 257D(1) of the Corporations Act, a selective buy-back must be approved by a **special resolution** of shareholders, with no votes being cast in favour of the resolution by any

person whose Shares are proposed to be bought back, or their associates. Section 257D(2) requires that the company include with the notice of meeting a statement setting out all information known to the company that is material to the decision how to vote on the buy-back resolution (other than information previously disclosed to shareholders).

Required information under the Corporations Act and ASIC Regulatory Guide 110

In accordance with the requirements of s257D(2) of the Corporations Act and ASIC Regulatory Guide 110, the following information is provided to Shareholders to assist them to make a decision on how to vote on Resolution 2:

Number of Shares on issue: As at the date of this Notice, the Company has a total of 1,661,240,200 Shares on issue

Number and percentage of Shares to be bought back: If neither Resolution 1A **nor** 1B is approved by Shareholders, then the Company proposes to buy back 40,000,000 Shares, representing 2.41% of the Company's Shares on issue as at the date of this Notice.

If one of Resolutions 1A or 1B is not approved by Shareholders (and the other Resolution is approved), then the Company proposes to buy back 20,000,000 Shares, representing 1.20% of the Company's Shares on issue as at the date of this Notice.

Terms of the Share buy-back Subject to Resolutions 1A and/or 1B not being approved by Shareholders, and Resolution 2 being approved by Shareholders, the Company proposes to enter into a Share buy-back agreement with Mr Hainsworth and/or Mr Dilkes (as applicable), to buy back the Non-Approved Shares for nominal consideration of \$1.00, as soon as practicable after Resolution 2 is passed.

In accordance with section 257H(3) of the Corporations Act, immediately after the Non-Approved Shares are bought back by the Company (and the transfer is registered), the those Non-Approved Shares will be cancelled.

Reasons for the buy-back The purpose of the buy-back (if Resolution 2 is put to Shareholders) is to comply with the ASX Requirements outlined in paragraph 1.3 of this Explanatory Statement, in order to remediate the Company's inadvertent ASX Listing Rule Breaches.

Interests of Directors who may participate in buy-back As at the date of this Notice, Mr Hainsworth and Mr Dilkes have a relevant interest in the following Algorae securities:

Director	Securities held (directly and indirectly)	Percentage of issued capital (as at date of this Notice)
David Hainsworth	<ul style="list-style-type: none"> ▪ 25,625,000 Shares ▪ 312,500 unlisted options ▪ 20,000,000 Performance Rights 	1.54%
Bradley Dilkes	<ul style="list-style-type: none"> ▪ 52,150,000 Shares ▪ 20,000,000 Performance Rights 	3.14%

Financial effect of buy-back on the Company If Resolution 2 is put to Shareholders, the Company will buy back the Non-Approved Shares from Mr Hainsworth and/or Mr Dilkes (as applicable) for nominal consideration of \$1. There will therefore be no material financial effect on the Company (save for the legal and administrative costs incurred in effecting the buy-back).

Source of funds for the buy-back If Resolution 2 is put to Shareholders and approved, the buy-back of the Non-Approved Shares will be funded from the Company's cash reserves (noting that the Shares will be bought back for a nominal amount of \$1.00 for the Non-Approved Shares held by Mr Hainsworth, and \$1.00 for the Non-Approved Shares held by Mr Dilkes).

Advantages of the buy-back	If Resolutions 1A and/or 1B are not approved by Shareholders, the advantages of the buy-back include: <ul style="list-style-type: none"> the Share buy-back will not materially prejudice the Company's ability to pay its creditors; the Share buy-back will result in the Non-Approved Shares being cancelled, which in turn addresses and satisfies the ASX Requirements; and the Share buy-back will only result in the cancellation of Recently Issued Shares issued to Mr Hainsworth and/or Mr Dilkes.
Disadvantages of the buy-back:	The Company will incur legal and administrative expenses in effecting the buy-back. The Company does not consider there to be any other material disadvantages to undertaking the Share buy-back in circumstances where Resolution 1A and/or Resolution 1B have not been approved by Shareholders.
Control effect of the buy-back	The Share buy-back is not expected to have any effect on the control of the Company, other than the effect of reducing the holdings of Mr Hainsworth and/or Mr Dilkes (as applicable) described above.
Identity of selling Shareholders	If Resolution 1A is not approved by Shareholders, then the selling Shareholder will be David Hainsworth. If Resolution 1B is not approved by Shareholders, then the selling Shareholder will be Mr Dilkes.
Audited financial statements	The Company's most recent audited financial statements, which were for the full year ending 30 June 2023, were released to ASX on 30 August 2023.
Share price information	During the last 12 months before the date this Notice was finalised (19 February 2024), the highest closing price of the Company's Shares was \$0.017 on 4 July 2023, and the lowest closing price of the Company's Shares was \$0.008 on 29 March 2023. On 16 February 2024, the last trading day before this Notice of Meeting was finalised, the Company's closing Share price was \$0.010.

There is no information material to the making of a decision by a Shareholder as to whether or not to approve Resolution 2 (being information that is known to any of the Directors and which has not been previously disclosed to Shareholders) other than as disclosed in this Explanatory Statement. Additional information that may be relevant to a consideration of Resolution 2 is set out throughout this Explanatory Statement, and on this basis Shareholders should read the Explanatory Statement in its entirety before making a decision on how to vote on Resolution 2.

2.4. **What happens if shareholders approve/do not approve Resolutions 1A and/or 1B?**

If Resolution 2 is put to Shareholders, and Shareholders approve the Resolution, then the Company will buy back the Non-Approved Shares (up to a maximum of 40,000,000 Shares, if both Resolutions 1A and 1B are not approved) from Mr Hainsworth and/or Mr Dilkes, for nominal consideration of \$1.00 for the Non-Approved Shares held by Mr Hainsworth, and \$1.00 for the Non-Approved Shares held by Mr Dilkes.

If Resolution 2 is put to Shareholders, and Shareholders do not approve the Resolution, then the Company will procure the sale of the Non-Approved Shares by the relevant holder(s), within a period acceptable to ASX (and in compliance with Algorae's securities trading policy), with any profits donated to a registered Australian charity (as necessitated by the ASX Requirements).

2.5. **Board recommendation**

The Board (with Mr Hainsworth and Mr Dilkes abstaining from making a recommendation) recommends that Shareholders vote in favour of Resolution 2.

2.6. **Voting exclusion statement**

A voting exclusion statement applies to Resolution 2, as set out in the Notice of Meeting.

Glossary

Unless the context otherwise requires, the singular includes the plural and vice versa, and the following terms will have the following meaning:

2023 EGM means the Company's Extraordinary General Meeting held on 1 September 2023.

2023 Notice means the Company's Notice of Extraordinary General Meeting lodged with ASX on 28 July 2023.

Algorae means Algorae Pharmaceuticals Limited ACN 104 028 042.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 or the financial market operated by it, as the context requires.

ASX Listing Rules means the official listing rules of ASX.

ASX Requirements means the remedial actions that ASX is requiring the Company take in order to remediate the Breaches, as detailed in paragraph 1.3 of the Explanatory Statement.

Board means the board of directors of the Company at the date of this Notice of Meeting.

Breaches means the Company's inadvertent breaches of ASX Listing Rule 10.11 and 14.7, as detailed in paragraph 1.2 of the Explanatory Statement.

Closely Related Party (of a member of KMP of an entity) has the definition given to it by section 9 of the Corporations Act, and 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 entity;
- e. a company the member controls; or
- f. a person prescribed by the Corporations Regulations for the purposes of this definition (nothing at this stage).

Company means Algorae Pharmaceuticals Limited ACN 104 028 042.

Corporations Act means the *Corporations Act 2001* (Cth).

Corporations Regulations means the *Corporations Regulations 2001* (Cth).

Directors means the directors of the Company at the date of this Notice of Meeting (excluding alternate directors).

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

Key Management Personnel or KMP means those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

Meeting means the general meeting of the members of the Company to which this Notice of Meeting and Explanatory Statement relates, which has been convened to be held at Thomson Geer, Level 23, Rialto South Tower, 525 Collins Street, Melbourne VIC 3000 on Tuesday, 26 March 2024 at 10.00am.

Non-Approved Shares means, if Resolution 1A and/or Resolution 1B is not approved by Shareholders, the Recently Issued Shares the subject of that non-approved Resolution (which will then become the subject of Resolution 2).

Notice of Meeting means this notice of general meeting and explanatory statement.

Performance Rights means the 80,000,000 performance rights issued to Directors David Hainsworth and Bradley Dilkes on 10 October 2023, the terms of which are detailed in the 2023 EGM Notice.

Proxy Form means the proxy form that accompanies the Notice of Meeting.

Recently Issued Shares means the following Shares:

- a. the 10,000,000 Shares issued to Mr Hainsworth on or around 9 November 2023;
- b. the 10,000,000 Shares issued to Mr Dilkes on or around 9 November 2023;
- c. the 10,000,000 Shares issued to Mr Hainsworth on or around 28 December 2023; and
- d. the 10,000,000 Shares issued to Mr Dilkes on or around 28 December 2023,

upon vesting and conversion of Performance Rights issued to Mr Hainsworth and Mr Dilkes on 10 October 2023.

Resolutions means the resolutions that are set out and explained in the Notice of Meeting.

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

Share Registry means the Company's share registry provider Automic Group.

Shareholder means a holder of one or more Shares.

Your proxy voting instruction must be received by **10.00am (AEDT) on Sunday, 24 March 2024**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

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

YOUR NAME AND ADDRESS

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

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

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

STEP 2 - VOTES ON ITEMS OF BUSINESS

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

APPOINTMENT OF SECOND PROXY

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

SIGNING INSTRUCTIONS

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

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

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

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

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

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

CORPORATE REPRESENTATIVES

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

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:

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BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

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<https://automicgroup.com.au/>

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