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**MEMPHASYS LIMITED**

**ACN 120 047 556**

**NOTICE OF ANNUAL GENERAL MEETING**

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**TAKE NOTICE** that the Annual General Meeting of Shareholders of the Company will be held at the time, date and place specified below:

**Time: 11am (AEDT)**

**Date: 5 December 2017**

**Place: 30 Richmond Road, Homebush, NSW 2140**

# AGENDA

## FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2017 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

### RESOLUTION 1: ADOPTION OF REMUNERATION REPORT

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To consider and, if thought fit, to pass, with or without amendment, 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, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2017."*

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

#### **Voting Prohibition Statement:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

### RESOLUTION 2: RE-ELECTION OF DIRECTOR – MR ANDREW GOODALL

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

*"That, for the purpose of clause 64 of the Constitution, Listing Rule 14.5 and for all other purposes, Mr Andrew Goodall, a Director, retires, and being eligible, is re-elected as a Director."*

### RESOLUTION 3: APPROVAL OF 10% PLACEMENT CAPACITY

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To consider, and if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

*"That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement."*

#### **Voting Exclusion**

*The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely*

*in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons.*

*However, the Company will not disregard a vote if:*

- It is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or*
- It is cast by the Chairman 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.*

If the Chairman is appointed as a proxy for a person who is permitted to vote on this Resolution, the Chairman will vote any proxies which do not indicate the way the Chairman must vote, in favour of the Resolution.

#### **RESOLUTION 4: RATIFY THE PRIOR ISSUE OF SHARES AND OPTIONS TO THE NOMINEE OF PLATINUM ROAD**

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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 for all other purposes, Shareholders ratify the prior issue of 25,000,000 Shares and 5,000,000 Options on the terms and conditions set out in the Explanatory Memorandum."*

##### **Voting Exclusion**

*The Company will disregard any votes cast on this Resolution by a person who participated in the issue, and any associate of that person.*

*However, the Company will not disregard a vote if:*

- It is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or*
- It is cast by the Chairman 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.*

If the Chairman is appointed as a proxy for a person who is permitted to vote on this Resolution, the Chairman will vote any proxies which do not indicate the way the Chairman must vote, in favour of the Resolution.

#### **RESOLUTION 5: APPROVE THE ISSUE OF OPTIONS TO THE NOMINEE OF PLATINUM ROAD**

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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 7.1 and for all other purposes, approval is given for the Company to issue up to 20,000,000 Options on the terms and conditions set out in the Explanatory Memorandum."*

##### **Voting Exclusion**

*The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed 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 associate of those persons.*

*However, the Company will not disregard a vote if:*

- It is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or*
- It is cast by the Chairman 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.*

If the Chairman is appointed as a proxy for a person who is permitted to vote on this Resolution, the Chairman will vote any proxies which do not indicate the way the Chairman must vote, in favour of the Resolution.

#### **RESOLUTION 6: RATIFY THE PRIOR ISSUE OF SHARES ON CONVERSION UNDER THE PLATINUM BOND AND FEE AGREEMENT BOND**

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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 for all other purposes, Shareholders ratify the prior issue of 105,587,356 Shares on the terms and conditions set out in the Explanatory Memorandum."*

##### **Voting Exclusion**

*The Company will disregard any votes cast on this Resolution by a person who participated in the issue, and any associate of that person.*

*However, the Company will not disregard a vote if:*

- *It is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or*
- *It is cast by the Chairman 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.*

If the Chairman is appointed as a proxy for a person who is permitted to vote on this Resolution, the Chairman will vote any proxies which do not indicate the way the Chairman must vote, in favour of the Resolution.

#### **RESOLUTION 7: APPROVE THE ISSUE OF SHARES ON CONVERSION OF POTENTIAL FUTURE DRAW DOWNS UNDER PLATINUM BOND**

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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 7.1 and for all other purposes, approval is given for conversion of up to \$440,000 of potential future debt in relation to the Platinum Bond into Shares, on the terms and conditions set out in the Explanatory Memorandum."*

##### **Voting Exclusion**

*The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed 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 associate of those persons.*

*However, the Company will not disregard a vote if:*

- *It is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or*
- *It is cast by the Chairman 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.*

If the Chairman is appointed as a proxy for a person who is permitted to vote on this Resolution, the Chairman will vote any proxies which do not indicate on their proxy form the way the Chairman must vote, in favour of the Resolution.

#### **RESOLUTION 8: APPROVE THE ISSUE OF SHARES TO HYDRIX**

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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 7.1 and for all other purposes, Shareholders approve the issue of up to 5,000,000 Shares, to Hydrix Pty Ltd (ABN 72 133 570 160) (or its nominee(s)), on the terms and conditions set out in the Explanatory Memorandum."*

#### **Voting Exclusion**

*The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed 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 associate of those persons.*

*However, the Company will not disregard a vote if:*

- It is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or*
- It is cast by the Chairman 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.*

If the Chairman is appointed as a proxy for a person who is permitted to vote on this Resolution, the Chairman will vote any proxies which do not indicate the way the Chairman must vote, in favour of the Resolution.

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#### **RESOLUTION 9: APPROVE THE ISSUE OF SHARES TO CONSULTANT, MR MARK GELL**

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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 7.1 and for all other purposes, approval is given for the Company to issue up to \$50,000 worth of Shares on the terms and conditions set out in this Explanatory Memorandum."*

#### **Voting Exclusion**

*The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed 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 associate of those persons.*

*However, the Company will not disregard a vote if:*

- It is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or*
- It is cast by the Chairman 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.*

If the Chairman is appointed as a proxy for a person who is permitted to vote on this Resolution, the Chairman will vote any proxies which do not indicate the way the Chairman must vote, in favour of the Resolution.

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#### **RESOLUTION 10: APPROVE ISSUE OF CONVERTIBLE NOTES TO CLIENTS OF PATERSONS SECURITIES**

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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 7.1 and for all other purposes, approval is given for the issue of Convertible Notes with a combined face value of up to \$300,000 and the conversion of the Convertible Notes into Shares (with a 1 for 2 free attaching Option), on the terms and conditions set out in the Explanatory Statement."*

#### **Voting Exclusion**

*The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed 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 associate of those persons.*

*However, the Company will not disregard a vote if:*

- It is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- It is cast by the Chairman 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.

If the Chairman is appointed as a proxy for a person who is permitted to vote on this Resolution, the Chairman will vote any proxies which do not indicate the way the Chairman must vote, in favour of the Resolution.

#### **RESOLUTION 11: APPROVE REPAYMENT OF DEBT OWED TO PLATINUM VIA THE ISSUE OF CONVERTIBLE NOTES**

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 7.1 and for all other purposes, approval is given for the issue of Convertible Notes, with a face value of up to \$185,000 and the conversion of the Convertible Note into Shares (with a 1 for 2 free attaching Option), on the terms and conditions set out in the Explanatory Statement."*

#### **Voting Exclusion**

*The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed 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 associate of those persons.*

*However, the Company will not disregard a vote if:*

- It is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- It is cast by the Chairman 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.

If the Chairman is appointed as a proxy for a person who is permitted to vote on this Resolution, the Chairman will vote any proxies which do not indicate the way the Chairman must vote, in favour of the Resolution.

#### **RESOLUTION 12: CHANGE OF COMPANY AUDITOR**

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

*"That, for the purposes of section 327B of the Corporations Act and for all other purposes, Pitcher Partners Sydney having been nominated by a Shareholder and having consented in writing to act in the capacity of auditor, be appointed as auditor of the Company with effect from the close of the Meeting."*

Dated: 30 October 2017

By Order of the Board

Andrew Metcalfe  
Company Secretary

## PROXY AND VOTING INSTRUCTIONS

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### Proxy Instructions

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

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

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

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be lodged at the registered office of the Company or sent by facsimile transmission to the Company's registered office on +61 2 9290 9655 not less than 48 hours before the time for holding the Meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

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

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

A proxy form is attached to this Notice.

If you sign the proxy form and do not appoint a proxy, you will have appointed the Chairman of the meeting as your proxy. The Chairman of the meeting will vote undirected proxies in favour of all the proposed resolutions.

### Corporate Representatives

Any corporation which is a member of the Company may authorise (by certificate under common seal or other form of execution authorised by the laws of that corporation's place of incorporation, or in any other manner satisfactory to the chairperson of the Meeting) a natural person to act as its representative at any general meeting. The authority must be in writing and must be sent to the Company and/or Share Registry at least 24 hours in advance of the Meeting.

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### Voting Entitlement

For the purposes of the Corporations Act and Corporations Regulations shareholders entered on the Company's Register of Members as at 7:00pm on 3 December 2017 (Sydney, New South Wales time) are entitled to attend and vote at the meeting.

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

**MEMPHASYS LIMITED**  
**ACN 120 047 556**

**2017 ANNUAL GENERAL MEETING**

**EXPLANATORY MEMORANDUM**

**PURPOSE OF INFORMATION**

This Explanatory Memorandum accompanies and forms part of the Notice convening the Annual General Meeting of Shareholders of Memphasys Limited (**Company**) to be held at 11am. on 5 December 2017 at the Company's offices at 30 Richmond Road, Homebush West, NSW 2140. The Notice of the 2017 Annual General Meeting incorporates, and should be read together with, this Memorandum.

**BUSINESS**

**FINANCIAL STATEMENTS AND REPORTS**

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In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2017 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at [www.memphasys.com.au](http://www.memphasys.com.au).

**RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT**

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**General**

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

**Voting consequences**

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

At the Company's previous annual general meeting, the votes cast against the remuneration report were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

**Voting restrictions**

Shareholders appointing a proxy for this Resolution should note the following:

- (a) If you appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy you must direct your proxy how to vote on this Resolution. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.
- (b) If you appoint the Chair as your proxy (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member) you do not need to direct your proxy how to vote on this Resolution. However, if you do not



direct the Chair how to vote, by signing the Proxy Form you expressly authorise the Chair to exercise his/her discretion in exercising your proxy even though this Resolution is connected directly or indirectly with the remuneration of Key Management Personnel.

- (c) If you appoint any other person as your proxy you do not need to direct your proxy how to vote on this Resolution.

## **RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR ANDREW GOODALL**

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### **General**

Pursuant to Listing Rule 14.5, a company with directors must hold an election of directors at each annual general meeting.

Mr Andrew Goodall, who has served as a director since 14 March 2012 and was last re-elected at the Company's 2014 Annual General Meeting, retires and, being eligible, seeks re-election.

Mr Goodall, a significant shareholder in Memphasys, is an entrepreneur who successfully founded, built and sold two retail businesses. He now runs a substantial private business involved in Commercial Property in New Zealand.

### **Independence**

Mr Andrew Goodall, is a substantial shareholder and therefore not considered independent. However, Mr Goodall has no interests, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to bear on issues before the board and to act in the best interest of the entity and its security holders generally despite his shareholding.

### **Board recommendation**

The Board supports the re-election of Mr Goodall and recommends that Shareholders vote in favour of this Resolution.

## **RESOLUTION 3 – APPROVAL OF 10% PLACEMENT CAPACITY**

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### **General**

Listing Rule 7.1A enables an eligible entity to issue Equity Securities up to 10% of its issued share capital over a 12 month period after the annual general meeting at which a resolution for the purposes of Listing Rule 7.1A is passed by special resolution (**Additional 10% Placement Capacity**). The Additional 10% Placement Capacity is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An entity will be eligible to seek approval under Listing Rule 7.1A if:

- (a) the entity has a market capitalisation of \$300 million or less; and
- (b) the entity is not included in the S&P/ASX 300 Index, as at the time of the Annual General Meeting.

The Company is an eligible entity for the purposes of Listing Rule 7.1A as at the date of this Notice and is expected to be an eligible entity as at the time of the Annual General Meeting.

If Shareholders approve this Resolution, the number of Equity Securities to be issued under the Additional 10% Placement Capacity will be determined in accordance with the formula set out in Listing Rule 7.1A.2 (as set out below).

The Company is putting this Resolution to Shareholders to seek approval to issue additional Equity Securities under the Additional 10% Placement Capacity.

This Resolution is a special resolution, requiring approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative) in order to be passed.

### **Listing Rule 7.1A**

The effect of this Resolution will be to permit the Company to issue the Equity Securities under Listing Rule 7.1A during the Additional Placement Period (as defined below) without subsequent Shareholder approval and without using the Company's 15% placement capacity under Listing Rule 7.1.

Equity Securities issued under the Additional 10% Placement Capacity must be in the same class as an existing quoted class of Equity Securities of the Company. As at the date of this Notice, the Company has 1 class of quoted Equity Securities on issue, being the Shares (ASX Code: MEM).

If Shareholders approve this Resolution, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2, as detailed below:

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

Where:

- A** is the number of Shares on issue 12 months before the date of issue or agreement:
- (i) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
  - (ii) plus the number of partly paid shares that became fully paid in the previous 12 months;
  - (iii) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval; and
  - (iv) less the number of Shares cancelled in the previous 12 months.
- 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.

### Specific information required by Listing Rule 7.3A

The following information in relation to the Shares to be issued is provided to Shareholders for the purposes of Listing Rule 7.3A:

**(a) Minimum Price**

Equity Securities issued under the Additional 10% Placement Capacity will be issued at an issue price of not less than 75% of the VWAP for securities in the same 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; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

**(b) Risk of voting dilution**

If this Resolution is approved by Shareholders and the Company issues Equity Securities under the Additional 10% Placement Capacity, the existing Shareholders' economic and voting interests in the Company will be diluted. There is also a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date of the Equity Securities, or the Equity Securities are issued as part consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the dilution of existing Shareholders of the issue of the maximum number of Equity Securities under the Additional 10% Placement Capacity using different variables for the number of ordinary securities for variable “A” (as defined in Listing Rule 7.1A) and the market price of Shares. It is noted that variable “A” is based on the number of ordinary securities the Company has on issue at the time of the proposed issue of Equity Securities. Variable “A”. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders’ meeting.

The table shows:

- (i) examples of where variable “A” is calculated as at the date of this Notice, and where variable “A” has increased by 50% and increased by 100%;
- (ii) examples of where the issue price of ordinary securities is the current market price as at close of trade on 12 October 2017 (current market price), where the issue price is halved, and where it is doubled; and
- (iii) the dilutionary effect will always be 10% if the maximum number of Equity Securities that may be issued under the Additional 10% Placement Capacity are issued.

Number of Shares on Issue (Variable ‘A’ in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	\$0.001 50% decrease in Issue Price	\$0.002 Issue Price	\$0.003 50% increase in Issue Price
853,821,360 (Current Variable A)	Shares issued - 10% voting dilution	85,382,136 Shares	85,382,136 Shares	85,382,136 Shares
	Funds raised	\$85,382	\$170,764	\$256,146
1,280,732,040 (50% increase in Variable A)	Shares issued - 10% voting dilution	128,073,204 Shares	128,073,204 Shares	128,073,204 Shares
	Funds raised	\$128,073	\$256,146	\$384,220
1,707,642,720 (100% increase in Variable A)	Shares issued - 10% voting dilution	170,764,272 Shares	170,764,272 Shares	170,764,272 Shares
	Funds raised	\$170,764	\$341,529	\$512,292

The table above uses the following assumptions:

1. There are currently 851,790,510 Shares on issue comprising:
  - (a) 699,821,360 existing Shares as at the date of this Notice of Meeting;
  - (b) 112,500,000 Shares which will be issued if Resolution 7 is passed at this Meeting and \$225,000 worth of debt is converted into Shares at a conversion price of \$0.002 (being the Share price as at 12 October 2017);
  - (c) 25,000,000 Shares will be issued if Resolution 9 is passed at this Meeting and the Consultant invoices the Company for \$50,000 worth of work, which is converted into Shares at a conversion price of \$0.002 (being the Share price as at 12 October 2017).
2. The issue price set out above is the closing price of the Shares on the ASX on 12 October 2017.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.

4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised and no Convertible Notes are converted into Shares before the date of issue of the Equity Securities.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

(c) **Date of Issue**

Approval of the Additional 10% Placement Capacity will be valid from the date of the Annual General Meeting and will expire on the earlier of:

- (i) the date that is 12 months after the date of the Annual General Meeting; and
- (ii) date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

**(Additional Placement Period).**

(d) **Purpose of issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for development of the Felix device and to provide other working capital; or
- (ii) as non-cash consideration for the acquisition of new assets and investments (including associated expenses), in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

(e) **Allocation policy under the 10% Placement Capacity**

The recipients of the Equity Securities to 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.

**(f) Previous approval under ASX Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 25 November 2016 (**Previous Approval**).

The Company has issued 29,949,119 Shares pursuant to the Previous Approval.

During the 12 month period preceding the date of the Meeting, being on and from 26 November 2016, the Company also issued a further 130,587,356 Shares and 5,000,000 Options which represents approximately 15.81% of the total diluted number of Equity Securities on issue in the Company on 26 November 2016, which was 857,791,006.

Details of the issues of Equity Securities by the Company during the 12-month period preceding the date of the Meeting are set out in Schedule 3.

**(g) Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

**(h) Voting Exclusion**

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on this Resolution.

**Board recommendation**

The Board recommends Shareholders vote in favour of this Resolution.

**RESOLUTIONS 4, 5, 6 AND 7 – RATIFICATION OF PRIOR ISSUES OF SECURITIES AND APPROVAL FOR FUTURE ISSUES OF SECURITIES WITH RESPECT TO PLATINUM BOND AND FEE AGREEMENT BOND**

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**Background**

On 10 March 2017 the Company entered into an agreement (**Platinum Bond Agreement**) with Platinum Road Pty Ltd (ACN 120 047 556) (**Platinum Road**) pursuant to which Platinum Road agreed to procure the Company a short-term convertible bond facility, with a maximum draw down of up to \$500,000 (**Platinum Bond**). Key terms of the Platinum Bond are set out in Schedule 2.

Pursuant to the Platinum Bond Agreement, as part consideration for the provision of the Platinum Bond, the Company agreed to issue Platinum Road (or its nominee):

- (a) 25,000,000 Shares (the subject of Resolution 4); and
- (b) a total of 25,000,000 Options (exercisable at \$0.006 each on or before 31 December 2018, and otherwise on the terms and conditions set out in Schedule 1), comprising:
  - (i) 5,000,000 Options on the initial drawdown by the Company under the Platinum Bond (the subject of Resolution 4);
  - (ii) 5,000,000 Options upon draw down by the Company of a total of \$250,000 under the Platinum Bond (the subject of Resolution 5); and
  - (iii) 15,000,000 Options upon draw down by the Company of a total of \$500,000 under the Platinum Bond (the subject of Resolution 5).

On 30 March 2017, the Company and Bridge Road Capital Pty Ltd (ACN 614 011 906) (**Bridge Road Capital**) entered into a bond facility agreement (that was arranged by Platinum Road as a duly authorised representative of the holder of an Australian Financial Services License, Bridge Road Capital) (**Bond Facility Agreement**) to fully document the terms of the Platinum Bond. Under the terms of the Bond Facility Agreement, Bridge Road Capital shall have the right to require the Company to issue Shares in reduction of amounts drawn down (plus Interest) under the Platinum Bond, up to a total of \$550,000 (**Bond Amount**).

The Shares are to be issued to Bridge Road Capital on drawdown by the Company and submission of a conversion notice to the Company in accordance with the Bond Facility Agreement (**Conversion Notice**).

The Platinum Bond is convertible into Shares at a conversion price calculated as the lower of \$0.004 per Share and a 15% discount to the lowest daily VWAP of the prior 10 trading days of the shares on ASX and Chi-X (**Conversion Price**).

On 24 April the Company and Platinum Road entered into a bond facility agreement (**Fee Agreement**) pursuant to which the Company agreed to issue Platinum Road a convertible bond with a face value of \$30,000 in lieu of fees owed by the Company to Platinum Road (**Fee Agreement Bond**). The Fee Agreement Bond was deemed to be fully drawn down on issue and is otherwise on the same terms and conditions as the Platinum Bond (as set out in Schedule 2).

#### **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 7.1 A**

ASX Listing Rule 7.1A provides that in addition to issues permitted without prior shareholder approval under ASX Listing Rule 7.1, an entity that is eligible and obtains shareholder approval under ASX Listing Rule 7.1A may issue or agree to issue during the period for which the approval is valid a number of quoted equity securities which represents 10% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period as adjusted in accordance with the formula in ASX Listing Rule 7.1.

Where an eligible entity obtains shareholder approval to increase its placement capacity under ASX Listing Rule 7.1A then any ordinary securities issued under that additional placement capacity:

- (a) will not be counted in variable "A" in the formula in ASX Listing Rule 7.1A; and
- (b) are counted in variable "E",

until their issue has been ratified under ASX Listing Rule 7.4 (and provided that the previous issue did not breach ASX Listing Rule 7.1A) or 12 months has passed since their issue.

#### **ASX Listing Rule 7.4**

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rules 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

Likewise, an issue made with approval under ASX Listing Rule 7.1A can be ratified under LR 7.4.

#### **Resolution 4**

On 4 April 2017, the Company issued 25,000,000 Shares and 5,000,000 Options (exercisable at \$0.006 each on or before 31 December 2018, and otherwise on the terms and conditions set out in Schedule 1) to Bridge Road Capital (as nominee of Platinum Road) as part consideration for the provision of the Platinum Bond, pursuant to the Platinum Bond Agreement. To date \$100,000 has been drawn down under the Platinum Bond and converted to equity.

The securities were issued without Shareholder approval under the Company's existing placement capacity pursuant to Listing Rule 7.1.

Resolution 4 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares and Options.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

#### **Resolution 5**

Subject to the satisfaction of certain milestones (specified below), Resolution 5 seeks Shareholder approval for the issue of up to 20,000,000 Options (exercisable at \$0.006 each on or before 31 December 2018, and otherwise on the terms and conditions set out in Schedule 1), comprising:

- (a) 5,000,000 Options upon draw down by the Company of a total of \$250,000 under the Platinum Bond; and
- (b) 15,000,000 Options upon draw down by the Company of a total of \$500,000 under the Platinum Bond.

To date \$100,000 in capital has been drawn down under the Platinum Bond and converted to equity. As detailed above, the Options are to be issued for nil cash consideration to Bridge Road Capital (as nominee of Platinum Road) as part consideration for the provision of the Platinum Bond, pursuant to the Platinum Bond Agreement.

The effect of Resolution 5 will be to allow the Company to issue these Options during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

The funds from conversion of these options will be used for working capital and to progress R&D programs, in particular, development of the Felix device.

#### **Resolution 6**

The Company received Conversion Notices in respect of an aggregate total of \$138,000 in capital draw-downs, bond agreement fees and Interest under the Platinum Bond (the **Loan Agreements**) and issued at total of 105,587,356 Shares to Bridge Road Capital (as nominee of Platinum Road) in satisfaction of those Conversion Notices as follows:

- (a) On 19 April 2017, 7,436,603 Shares were issued at a conversion price of \$0.0026894 per Share, on conversion of \$20,000 drawn down under the Loan Agreements.
- (b) On 3 May 2017, 14,705,883 Shares were issued at a conversion price of \$0.0017 per Share, on conversion of \$25,000 drawn down under the Loan Agreements.
- (c) On 17 May 2017, 26,974,281 Shares were issued at a conversion price of \$0.001668 per Share, on conversion of \$45,000 drawn down under the Loan Agreements.
- (d) On 30 May 2017, 23,529,412 Shares were issued at a conversion price of \$0.00085 per Share, on conversion of \$20,000 drawn down under the Loan Agreements.
- (e) On 17 July 2017, 32,941,177 Shares were issued at a conversion price of \$0.00085 per share, on conversion of \$28,000 drawn down under the Loan Agreements.

The funds received under the Platinum Bond were used for working capital and to progress R&D programs, in particular, development of the Felix device. As mentioned above, the Fee Agreement Bond was issued to offset debt owed to Platinum Road by the Company.

The Shares were issued at an issue price of a 15% discount to the lowest daily VWAP of the prior 10 trading days of the Shares on ASX, in accordance with the Bond Facility Agreement.

The issues detailed in paragraphs (a) to (d) above were made without Shareholder approval under the Company's existing placement capacity pursuant to ASX Listing Rule 7.1.

With respect to the issue detailed in paragraph (e) above, 2,992,058 Shares were issued without Shareholder approval under the Company's existing placement capacity pursuant to ASX Listing Rule 7.1 whilst 29,949,119 Shares were issued without Shareholder approval under the Company's existing placement capacity pursuant to ASX Listing Rule 7.1A.

By ratifying the issues made pursuant to ASX Listing Rule 7.1, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

By ratifying the issue made pursuant to ASX Listing Rule 7.1A, the base figure (ie variable “A”) in which the Company’s 15% and 10% annual placement capacities are calculated will be a higher number which in turn will allow a proportionately higher number of securities to be issued without prior Shareholder approval. Although, it is noted that the Company’s use of the 10% annual placement capacity following this Meeting remains conditional on Resolution 3 being passed by the requisite majority.

## **Resolution 7**

A summary of ASX Listing Rule 7.1 is set out above.

ASX Listing Rule 7.3.3 provides that when seeking shareholder approval to issue shares pursuant to ASX Listing Rule 7.1, the notice of meeting must specify the issue price of the proposed issue, which may not be lower than 80% of the VWAP of the shares, calculated over the last 5 days on which sales of the shares were recorded (**Floor Price**).

Resolution 7 seeks Shareholder approval pursuant to ASX Listing Rule 7.1 for the conversion of up to a further \$440,000 of the Bond Amount (comprising potential future draw downs and interest) (**Conversion Amount**) into Shares pursuant to the Bond Facility Agreement, subject to the Conversion Price being no lower than the Floor Price.

The effect of Resolution 7 will be to allow the Company to issue these Shares during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company’s 15% annual placement capacity.

## **Section 606 of the Corporations Act**

Section 606 of the Corporations Act prohibits a person or entity acquiring a relevant interest in issued voting shares in a public company if the person acquiring the interest does so through a transaction and because of the transaction, that person’s or someone else’s relevant interest increases from 20% or below to above 20%, or from a starting point that is already above 20% and below 90%, without coming within an exception in section 611 of the Corporations Act.

Accordingly, the issue of Shares pursuant to Resolution 7 must at all times comply with these requirements and no Shares will be issued if the issue will contravene section 606 of the Corporations Act.

## **Technical information required by ASX Listing Rule 7.5 – Resolutions 4 and 6**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolutions 4 and 6:

- (a) the following number of securities were issued:
  - (i) in respect of Resolution 4, 25,000,000 Shares and 5,000,000 Options; and
  - (ii) in respect of Resolution 6, a total of 105,587,356 Shares (details of the individual issues are set out above);
- (b) the issue price was:
  - (i) in respect of Resolution 4, nil, as these securities were issued as part consideration for the provision of the Platinum Bond, pursuant to the Platinum Bond Agreement; and
  - (ii) in respect of Resolution 6, nil, as these Shares were issued upon conversion of debt under the Loan Agreements (details of the deemed issue price for each issue are set out above);
- (c) the securities issued were:
  - (i) in respect of Resolution 4, fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company’s existing Shares and Options (exercisable at \$0.006 each on or before 31 December 2018, and otherwise on the terms and conditions set out in Schedule 1); and



- (ii) in respect of Resolution 6, fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (d) the securities were issued to Bridge Road Capital (as nominee of Platinum Road) who are not a related party of the Company; and
- (e) no funds were raised from the issues (refer to paragraph (b) above).

#### **Technical information required by ASX Listing Rule 7.3 – Resolutions 5 and 7**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolutions 5 and 7:

- (a) the maximum number of securities to be issued is:
  - (i) in respect of Resolution 5, 20,000,000 Options (subject to satisfaction of certain milestones as detailed above); and
  - (ii) in respect of Resolution 7, that number of Shares equal to the Conversion Amount divided by the lower of:
    - (A) \$0.004; and
    - (B) the Floor Price,
 subject always to compliance with section 606 of the Corporation Act;
- (b) the securities will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the securities will occur progressively;
- (c) the issue price will be:
  - (i) in respect of Resolution 5, nil, as these Options will (subject to satisfaction of the relevant milestone) be issued as part consideration for the provision of the Platinum Bond, pursuant to the Platinum Bond Agreement; and
  - (ii) in respect of Resolution 7; nil, as these Shares will be issued upon conversion of debt under the Platinum Bond;
- (d) the securities will be issued to Bridge Road Capital (as nominee of Platinum Road) who are not a related party of the Company;
- (f) the securities issued will be:
  - (i) in respect of Resolution 5, Options (exercisable at \$0.006 each on or before 31 December 2018, and otherwise on the terms and conditions set out in Schedule 1); and
  - (ii) in respect of Resolution 7, fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (g) no funds will be raised from the issues (refer to paragraph (c) above).

#### **Board Recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolutions 4 to 7.

#### **RESOLUTION 8 – APPROVE THE ISSUE OF SHARES TO HYDRIX**

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##### **General**

On the 24<sup>th</sup> April 2017, the Company entered into an agreement (**Hydrix Agreement**) with Hydrix Pty Ltd (ACN 100 015 055) (**Hydrix**) to develop a new prototype re-usable cartridge (**Project**).

The cartridge will be used for further trials and evaluation of the Felix technology by the Company and its partners.

As part consideration for services provided by Hydrix under the Hydrix Agreement, the Company has agreed (subject to the satisfaction of certain performance milestones) to issue Shares to Hydrix as follows:

- (a) if the initial cartridges under the Project are completed and delivered by 30 June 2017 and the total Project cost of \$46,000 (plus materials or as otherwise specifically agreed by the Company) (**Agreed Budget**) is met, Hydrix will be issued with 2,000,000 Shares at nil consideration; and
- (b) if the Project is completed by the Due Date and 10% or more below the Agreed Budget, Hydrix will be issued with a further 3,000,000 Shares at nil consideration.

As both of these performance milestones have been met, Hydrix is entitled to receive these shares. The deemed issue price is the share price on the date of the AGM.

This Resolution seeks Shareholder approval for the issue of those Shares to Hydrix.

A summary of ASX Listing Rule 7.1 is set out in the Explanatory Memorandum for Resolutions 4-7 above.

#### **Technical information required by ASX Listing Rule 7.3**

The following information is provided in accordance with the requirements of ASX Listing Rule 7.3:

- (a) the maximum number of Shares which will be issued is 5,000,000;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur progressively, upon satisfaction of the relevant performance milestone(s);
- (c) the Shares will be issued for nil cash consideration, as part consideration for services provided under the Hydrix Agreement;
- (d) the Shares will be issued to Hydrix (or its nominee(s)), an unrelated party of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) No funds will be raised by the issue of the ordinary Shares.

#### **Board Recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 8.

#### **RESOLUTION 9: APPROVE THE ISSUE OF SHARES TO CONSULTANT, MR MARK GELL**

On 22 May 2017, the Company entered into a consultancy agreement with Mr Mark Gell (as authorized representative of GSG Counsel) (**Consultant**) for the provision of advice on corporate strategy and investor relations (**GSG Agreement**).

Mr Gell has extensive capital markets experience, having managed the equity markets function in multiple top 50 Australian companies. He also provides strategy consultancy services to a wide range of clients.

Mr Gell provides strategic corporate communications planning and management, including input into ASX and shareholder communications such as ASX announcements, presentations and the preparation of the Annual Report. He is also to provide input on corporate strategy, risk management/mitigation and is to assist in the preparation of grant funding applications and other significant applications or notifications from the Company.

Pursuant to the GSG Agreement, the Company has agreed to issue the Consultant (or its nominee) Shares in consideration for services provided under the GSG Agreement. The number of Shares to be issued is based on the time worked and invoiced by the Consultant on a per month basis, divided by the VWAP of Shares. The VWAP is calculated based on the days in the month in which shares were traded and during which the work was carried out (**Deemed Issue Price**).

Resolution 9 seeks pre-approval from Shareholders for the issue of up to that number of Shares to the Consultant, when multiplied by the Deemed Issue Price, equals \$50,000 (subject to the requisite work being undertaken by the Consultant, in accordance with the GSG Agreement).

A summary of ASX Listing Rule 7.1 is set out in the Explanatory Memorandum for Resolutions 4 to 7 above.

The effect of Resolution 9 will be to allow the Company to issue these Shares during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

#### **Technical information required by ASX Listing Rule 7.3**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 8:

- (a) the maximum number of Shares to be issued is that number of Shares when multiplied by the Deemed Issue Price, equals \$50,000 (subject to the requisite work being undertaken by the Consultant, in accordance with the GSG Agreement);
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur progressively;
- (c) the issue price will be nil, as these Shares will be issued in consideration for services provided under the GSG Agreement;
- (d) the Shares will be issued to the Consultant (or its nominee) who are not related parties of the Company;
- (e) the Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) no funds will be raised from the issue (refer to paragraph (c) above).

### **Board Recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 9.

### **RESOLUTION 10: APPROVE ISSUE OF CONVERTIBLE NOTES TO CLIENTS OF PATERSONS SECURITIES**

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The Company has entered into convertible note deeds (**Convertible Note Deeds**) with certain sophisticated and professional investor clients of Patersons Securities (**Investors**) pursuant to which the Company proposes to issue convertible notes to the Investors with a combined face value of up to \$300,000 (**Patersons Notes**).

A summary of the key terms of the Patersons Notes to be issued under the Convertible Note Deeds are set out in Schedule 2.

Upon conversion of the Patersons Notes into Shares, each Investor will receive one free attaching Option (exercisable at \$0.002 each on or before the date which is two years from their date of issue, and otherwise on the terms and conditions set out Schedule 1) (**Conversion Option**) for every two Shares issued.

At the time of entry into the Convertible Note Deeds, the Company did not have the requisite placement capacity pursuant to ASX Listing Rule 7.1 for the issue of Shares and Conversion Options upon conversion of the Patersons Notes. As such, until Shareholder approval is received for the issue of the Patersons Notes, funds advanced to the Company pursuant to the Convertible Note Deeds are treated as a loan (rather than a security).

Resolution 10 seeks Shareholder approval in accordance with Listing Rule 7.1 for the issue of the Patersons Notes. If Shareholder approval is given under Listing Rule 7.1 for the issue of the Patersons Notes, Shareholder approval is not required under Listing Rule 7.1 for the issue of the Shares and Conversion Options upon conversion of the Patersons Notes pursuant to exception 4 of ASX Listing Rule 7.2.

### **Technical information required by ASX Listing Rule 7.3**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 10:

- (a) the Patersons Notes, with a combined face value of up to \$300,000, will be convertible into the number of Shares equal to the face value of the Patersons Notes divided by the conversion price specified in Schedule 2, together with 1 Conversion Option for every two Shares issued to Investors on conversion of the Patersons Notes;
- (b) the Patersons Notes will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Patersons Notes will occur as soon as possible after the meeting, on the same date;
- (c) the combined face value of the Patersons Notes will be up to \$300,000. The Conversion Options will be issued for nil cash consideration;
- (d) the Patersons Notes will be issued to clients of Patersons Securities Limited, none of whom are related parties of the Company;
- (e) the material terms of the Patersons Notes are set out in Schedule 2;
- (f) the proceeds from the Patersons Notes will be used for development of the Felix device and for additional working capital; and

- (g) the conversion terms and conversion price are described in Schedule 2.

#### **Board Recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 10.

#### **RESOLUTION 11: APPROVE ISSUE OF A CONVERTIBLE NOTE TO BRIDGE ROAD CAPITAL**

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Under the terms of the Bond Facility Agreement, in the event of an equity capital raise during the term, the lender, Bridge Road Capital, shall be able to convert all or part thereof of their principal and accrued Interest under the Bond Facility Agreement (**Outstanding Debt**) on the same terms as the equity raise participants.

Given that Company intends to issue the Patersons Notes, as described under Resolution 10, it proposes to offer Bridge Road Capital the opportunity to convert the Outstanding Debt (estimated to be \$185,154 at the date of this Notice), on the same terms as the Patersons Notes (including the issue of Conversion Options upon conversion, on a 1:2 basis).

In light of the above, Resolution 11 seeks Shareholder approval in accordance with Listing Rule 7.1 to issue convertibles note to Bridge Road Capital, with a combined face value of up to \$185,000, and otherwise on the terms and conditions set out in Schedule 2 (**Platinum Road Notes**).

In the event Bridge Road Capital elects to convert the Outstanding Debt under the Platinum Road Notes, the Company intends to seek an undertaking from Bridge Road Capital and Platinum Road that such conversion will represent full and final satisfaction and discharge of all obligations and liability owed by the Company pursuant to the Platinum Road Agreement and Bond Facility Agreement (or any other agreement between the parties), including any obligation to issue Shares upon any conversion of the Bond Amount pursuant to Resolution 7.

#### **Section 606 of the Corporations Act**

A summary of section 606 of the Corporations Act is set out in the Explanatory Memorandum for Resolutions 4 to 7 above.

No Shares will be issued pursuant to Resolution 11 if the issue will contravene section 606 of the Corporations Act.

#### **Technical information required by ASX Listing Rule 7.3**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 11:

- (a) the maximum number of securities to be issued are that number of Platinum Road Notes, when multiplied by their face value, equals no more than \$185,000, convertible into the number of Shares equal to the combined face value of the Platinum Road Notes divided by the conversion price specified in Schedule 2, together with 1 Conversion Option for every 2 Shares issued to Bridge Road Capital (or its nominee) on conversion of the Platinum Road Notes;
- (b) the Platinum Road Notes will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Platinum Road Notes will occur on the same date;
- (c) the combined face value of the Platinum Road Notes shall be no more than \$185,000. The Conversion Options will be issued for nil cash consideration;
- (d) the Platinum Road Notes will be issued to Bridge Road Capital (or its nominee), who are not related parties of the Company;
- (e) the material terms of the Platinum Road Notes are set out in Schedule 2;
- (f) no funds will be raised from the issue of the Platinum Road Notes as the Platinum Road Notes are being issued in satisfaction of debt owed by the Company to Platinum Road; and
- (h) the conversion terms and conversion price are described in Schedule 2.

#### **Board Recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 11.

## **RESOLUTION 12: CHANGE OF COMPANY AUDITOR**

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Due to a restructuring of the Company's auditor Pitcher Partners and the application of partnership law, Pitcher Partners are required to perform future audit services under a new partnership, Pitcher Partners Sydney, which has a new ABN.

Accordingly, Pitcher Partners has given notice of its intention to resign as auditor of the Company to ASIC (under section 329(5) of the Corporations Act).

Upon receipt of ASIC's consent to their resignation, Pitcher Partners has advised that it will submit a notice of resignation to the Company in accordance with section 329(5) of the Corporations Act, such resignation to take effect from the date of the Meeting.

In accordance with section 328B(1) of the Corporations Act, the Company has sought and obtained a nomination from a Shareholder for Pitcher Partners Sydney to be appointed as the Company's auditor. A copy of this nomination is attached to this Explanatory Statement as Annexure A.

Pitcher Partners Sydney has given its written consent to act as the Company's auditor, subject to Shareholder approval and the resignation of Pitcher Partners.

If Resolution 12 is passed, the appointment of Pitcher Partners Sydney as the Company's auditors will take effect from the close of the Annual General Meeting.

The Board unanimously recommends that shareholders vote in favour of Resolution 12.

## DEFINITIONS

Throughout this Explanatory Memorandum the following various words and phrases are capitalised and the definitions of these capitalised words and phrases are set out below:

**"10% Placement Capacity"** has the meaning given in the Explanatory Memorandum for Resolution 3.

**"Annual General Meeting"** or **"Meeting"** means the meeting convened by the Notice of Meeting;

**"ASIC"** means the Australian Securities & Investments Commission;

**"ASX"** means ASX Limited (ACN 008 624 691);

**"ASX Listing Rules"** or **"Listing Rules"** means the Official Listing Rules of the ASX;

**"Board"** means the board of Directors of the Company;

**"Bridge Road Capital"** means Bridge Road Capital Pty Ltd (ACN 614 011 906);

**"Chairman"** or **"Chair"** means chairman of the general meeting;

**"Closely Related Party"** of a member of the Key Management Personnel means:

- (a) A spouse or child of the member;
- (b) A child of the member's spouse;
- (c) A dependant of the member or 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 dealing with the entity;
- (e) A company the member controls; or
- (f) A person prescribed by the Corporation Regulations;

**"Company"** means Memphasys Limited (ACN 120 047 556);

**"Constitution"** means the Company's constitution;

**"Corporations Act"** means the *Corporations Act 2001* (Cth);

**"Corporations Regulations"** means the *Corporations Regulations 2001* (Cth);

**"Directors"** means the Directors of the Company as at the date of this Notice;

**"Eligible Entity"** means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

**"Equity Securities"** has the meaning given to that term in the Listing Rules;

**"Explanatory Memorandum"** means this Explanatory Memorandum as modified or varied by any supplementary memorandum issued by the Company from time to time;

**"Group"** means the Company and its controlled entities;

**"Interest"** means any applicable interest payments, as specified in Schedule 2.

**"Key Management Personnel"** has the same meaning as in the accounting standards and includes those persons having authority and responsibility for planning, directing and controlling the Corporations Activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company;

**"Notice"** or **"Notice of Meeting"** means this notice of meeting including the Explanatory Statement and the Proxy Form;

**"Option"** means an option to acquire a Share;

**"Patersons Securities"** means Patersons Securities Limited (ACN 079 978 448);

**"Platinum Road"** means Platinum Road Pty Ltd (ACN 161 711 155);

**"Proxy Form"** means the proxy form that is enclosed with and forms part of this Notice;

**"Resolution"** means a resolution in the form proposed in the Notice of Meeting;

**"Share"** means a fully paid ordinary share in the capital of the Company;

**"Shareholder"** means a registered holder of a Share in the Company;

**"Variable A"** means "A" as set out in the formula in ASX Listing Rule 7.1A(2);

**"Trading Day"** means a day determined by ASX to be a trading day and notified to market participants;

**"VWAP"** means, in relation to a particular period, the volume weighted average sale price of Shares sold on the ASX and Chi-X over that period, excluding "block trades", "large portfolio trades", "permitted trades during the pre-trading hours' period", "permitted trades during the post-hours trading period", "out of hours trades" (each of those expressions has the same meaning as in the ASIC Market Integrity Rules (Competition in Exchange Markets) 2011) and exchange traded option exercises.

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## SCHEDULE 1 – TERMS AND CONDITIONS OF OPTIONS

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The following is a summary of the key terms and conditions of the Incentive Options:

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (e), the amount payable upon exercise of each Option (**Exercise Price**) will be:

(i) Options the subject of Resolutions 4, 5 – \$0.006; and

(ii) Options the subject of Resolutions 10 and 11 – \$0.002;

(c) **Expiry Date**

Each Option will expire (**Expiry Date**):

(i) Options the subject of Resolutions 4 and 5 – at 5:00 pm (WST) on 31 December 2018; and

(ii) Options the subject of Resolutions 10 and 11 – the date which is 2 years after the date of their issue;

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 10 Business Days after the Exercise Date, the Company will issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company.



(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Quotation**

The Company will not apply for quotation of the Options.

**SCHEDULE 2 – TERMS AND CONDITIONS OF PLATINUM BOND, PATERSONS NOTES AND PLATINUM ROAD NOTES**

<b>Face Value (A\$)</b>	<p><b>Platinum Bond</b> – \$550,000 (minimum draw down of \$25,000, at the election of the lender).</p> <p><b>Fee Agreement Bond</b> - \$33,000</p> <p><b>Patersons Notes</b> – up to \$300,000</p> <p><b>Platinum Road Notes</b> – up to \$185,000</p>
<b>Term</b>	<p><b>Platinum Bond/Fee Agreement Bond</b> – For each tranche drawn down under the facility, 12 months commencing on the date of each draw down.</p> <p><b>Patersons Notes / Platinum Road Notes</b> – 31 December 2017.</p>
<b>Interest</b>	<p><b>Platinum Bond</b> – \$50,000 (incorporated into the face value of the bond), convertible into Shares at the Conversion price.</p> <p><b>Fee Agreement Bond</b> – \$3,000 (incorporated into the face value of the bond), convertible into Shares at the Conversion price.</p> <p><b>Patersons Notes / Platinum Road Notes</b> – No interest payable.</p>
<b>Security</b>	Unsecured.
<b>Repayment Date (if not converted)</b>	<p><b>Platinum Bond/Fee Agreement Bond</b> – Unconverted amounts are repayable upon expiry of the term.</p> <p><b>Patersons Notes / Platinum Road Notes</b> – Payable within 10 business days of expiry of the term.</p>
<b>Conversion and Conversion Price</b>	<p><b>Platinum Bond/Fee Agreement Bond</b> – upon receipt of a conversion notice from the lender, the lower of:</p> <ul style="list-style-type: none"> <li>(i) \$0.004; and</li> <li>(ii) a 15% discount to the lowest daily VWAP of the prior 10 trading days of Shares on ASX and Chi-X,</li> </ul> <p>subject always to compliance with section 606 of the Corporation Act.</p> <p>In the event of an equity capital raising during the term, the note holder shall have the opportunity to convert all or part of the amount drawn down and accrued interest on the same terms as the equity raise participants, within 3 business days of announcement and written notification to Platinum Road of the capital raise.</p> <p><b>Patersons Notes / Platinum Road Notes</b> – The notes will convert automatically upon completion of a proposed entitlement issue to be undertaken by the Company pursuant to a prospectus or any other capital raising conducted by the Company raising in excess of \$1 million (<b>Transaction</b>), at the price at which Shares are issued pursuant to the Transaction, at \$0.001, or if such Transaction does not occur by 31 December then at \$0.0008.</p> <p>If a Transaction does not occur by the expiry of the term on 31 December 2017, the notes will not convert into Shares and will instead be repaid in cash, within 10 days of the expiry date, at a 20% premium to note holders.</p> <p>The Company will issue 1 free attaching Conversion Option for every 2 Shares issued on conversion.</p>
<b>Shares rank equally</b>	Shares issued on conversion of the convertible note shall rank equally in all respects with the existing Shares.

<b>Voting Rights</b>	The subscriber will not have any voting rights prior to conversion.
<b>Reconstruction</b>	If, at any time prior to the conversion of the convertible note, the issued capital of the Company is reorganised, the terms of the convertible note (e.g. the conversion rate of subscription shares) will be reorganised so as to ensure that the subscriber will not be disadvantaged by the reorganisation in this position relative to Company shareholders, but at the same time will not receive a benefit that Company shareholders do not also receive.

### SCHEDULE 3 – ISSUE OF EQUITY SECURITIES SINCE 26 NOVEMBER 2016

Date of issue	Quantity	Class	Recipients	Issue Price and Discount (if any) that issue price represented to closing market price on the date of issue	Total cash consideration received	Use of funds or intended use of funds for remaining consideration	Non-cash consideration and current value
3 April 2017	25,000,000	Shares <sup>2</sup>	Bridge Road Capital (as nominee of Platinum Road)	Nil No discount.	Nil	N/A	Issued as part consideration for the provision of the Platinum Bond <b>Current value<sup>3</sup>:</b> \$50,000
3 April 2017	5,000,000	Options Exercisable at \$0.006 each, expiring on 31 December 2018 <sup>1</sup>	Bridge Road Capital (as nominee of Platinum Road)	Nil No discount.	Nil	N/A	Issued as part consideration for the provision of the Platinum Bond <b>Current value<sup>3</sup>:</b> \$10,527
19 April 2017	7,436,603	Shares <sup>2</sup>	Bridge Road Capital (as nominee of Platinum Road)	Nil No discount.	Nil	N/A	Issued upon conversion of \$20,000 draw down against Loan Agreements <b>Current value<sup>3</sup>:</b> \$14,873
3 May 2017	14,705,883	Shares <sup>2</sup>	Bridge Road Capital (as nominee of Platinum Road)	Nil No discount.	Nil	N/A	Issued upon conversion of \$25,000 draw down against Loan Agreements <b>Current value<sup>3</sup>:</b> \$29,412
17 May 2017	26,974,281	Shares <sup>2</sup>	Bridge Road Capital (as nominee of Platinum Road)	Nil No discount.	Nil	N/A	Issued upon conversion of \$45,000 draw down against Loan Agreements <b>Current value<sup>3</sup>:</b> \$53,949
30 May 2017	23,529,412	Shares <sup>2</sup>	Bridge Road Capital (as nominee of Platinum Road)	Nil No discount.	Nil	N/A	Issued upon conversion of \$20,000 draw down against Loan Agreements <b>Current value<sup>3</sup>:</b> \$47,059
17 July 2017	32,941,177	Shares <sup>2</sup>	Bridge Road Capital (as nominee of Platinum Road)	Nil No discount.	Nil	N/A	Issued upon conversion of \$28,000 draw down against Loan Agreements <b>Current value<sup>3</sup>:</b> \$65,882

**Notes:**

1. Full terms and conditions are set out in Schedule 1.
2. Fully paid ordinary shares in the capital of the Company, ASX Code: MEM (terms are set out in the Constitution).
3. In respect of quoted Equity Securities the value is based on the closing price of the Shares (\$0.002) as the context requires on the ASX on 12 October 2017. In respect of unquoted Equity Securities the value of Options is measured using the Black & Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the impact of dilution, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk free interest rate for the term of the Option. No account is taken of any performance conditions included in the terms of the Option other than market based performance conditions (i.e. conditions linked to the price of Shares).

**PRIVATE & CONFIDENTIAL**

To: Memphasys Limited  
30-32 Richmond Road  
HOMEBUSH NSW 2140

**RE: NOTICE OF NOMINATION OF AUDITOR IN ACCORDANCE WITH SECTION 328B OF THE CORPORATION ACT 2011 (Cth)**

Alison Coutts of 30 Richmond Road, Homebush West NSW 2140, being a member of Memphasys Limited nominates Pitcher Partners Sydney of Level 22, MLC Centre, 19 Martin Place, Sydney NSW 2000 for appointment to the position of Auditor of the company at the next Annual General Meeting.

Alison Coutts consents to the provision of a copy of this notice to Pitcher Partners and Pitcher Partners Sydney and the distribution of a copy of this notice of nomination as an annexure to the Notice of Meeting and Explanatory Memorandum for the 2017 Annual General Meeting of the Company as required by section 328B(3) of the Corporations Act 2001.

Date: 25 October 2017

A handwritten signature in black ink, appearing to read 'Alison Coutts', written over a horizontal line.

Signature

**All Correspondence to:**

- ✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia
- 📠 **By Fax:** +61 2 9290 9655
- 💻 **Online:** [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)
- ☎ **By Phone:** (within Australia) 1300 737 760  
(outside Australia) +61 2 9290 9600

## YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 11:00am (AEDT) on Sunday 3 December 2017.**

### TO VOTE BY COMPLETING THE PROXY FORM

#### STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

##### Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities 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.
- return both forms together in the same envelope.

#### STEP 2 VOTING DIRECTIONS TO YOUR PROXY

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

##### Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

#### STEP 3 SIGN THE FORM

The form **must** be signed as follows:

**Individual:** This form is to be signed by the securityholder.

**Joint Holding:** where the holding is in more than one name, all the securityholders should sign.

**Power of Attorney:** to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

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

#### STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **11:00am (AEDT) on Sunday 3 December 2017.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

- 📠 **By Fax** + 61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993,  
Sydney NSW 2001 Australia
- 👤 **In Person** Boardroom Pty Limited  
Level 12, 225 George Street,  
Sydney NSW 2000 Australia

#### Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

☐

## Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

**Please note, you cannot change ownership of your securities using this form.**

# PROXY FORM

## STEP 1 APPOINT A PROXY

I/We being a member/s of **Memphasys Limited** (Company) and entitled to attend and vote hereby appoint:

☐

the **Chair of the Meeting** (mark box)

**OR** if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at **Memphasys Limited, 30 Richmond Road, Homebush, NSW 2140 on Tuesday 5 December 2017 at 11:00am (AEDT)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

**Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters:** If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolution 1, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of this Resolution even though Resolution 1 is connected with the remuneration of a member of the key management personnel for the Company.

**The Chair of the Meeting will vote all undirected proxies in favour of all Items of business** (including Resolution 1). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

## STEP 2 VOTING DIRECTIONS

\* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		FOR	AGAINST	ABSTAIN*			FOR	AGAINST	ABSTAIN*
Res 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 7	Approve issue of shares on conversion of potential future draw downs under Platinum Bond	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 2	Re-Election of Director – Mr Andrew Goodall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 8	Approve issue of shares to Hydrix	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 3	Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 9	Approve issue of shares to consultant, Mr Mark Gell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 4	Ratify prior issue of shares and options to the nominee of Platinum Road	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 10	Approve issue of convertible notes to clients of Patersons Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 5	Approve issue of options to the nominee of Platinum Road	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 11	Approve repayment of debt owed to Platinum via issue of convertible notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 6	Ratify prior issue of shares on conversion under the Platinum Bond and fee agreement bond	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 12	Change company Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## STEP 3 SIGNATURE OF SHAREHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2017