



AVECHO BIOTECHNOLOGY LIMITED
ACN 056 482 403

Notice of Annual General Meeting

Explanatory Statement and Proxy Form

Date of Meeting:
Monday, 13 July 2020

Time of Meeting:
12.00pm (AEST)

Due to the ongoing COVID-19 pandemic, the meeting will be held via an audio-conferencing facility. If you are a shareholder who wishes to attend and participate in the virtual meeting, please register in advance as per the instructions outlined in this Notice of Meeting. Shareholders are strongly encouraged to lodge their completed proxy forms in accordance with the instructions in this Notice of Meeting.

Following recent modifications brought to the Corporations Act 2001 and the Corporations Regulations 2001 under the Corporations (Coronavirus Economic Response) Determination (no.1) 2020, the Notice of Annual General Meeting and Explanatory Memorandum will be circulated electronically. The Notice of Meeting has been given to those entitled to receive by use of one or more technologies. The Notice of Meeting is also available on the Australian Stock Exchange Announcement platform and on the Company's website (<http://avecho.com.au/investor-centre/news/>).

This Notice of Annual General Meeting and Explanatory Statement should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor, or other professional advisor without delay.

AVECHO BIOTECHNOLOGY LIMITED

ACN 056 482 403

Registered Office: Unit A8, 2A Westall Road, Clayton, VIC 3168

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting (**AGM**) of shareholders of Avecho Biotechnology Limited (the **Company**) will be held by audio-conference on Monday, 13 July 2020 at 12:00pm (AEST).

The health and safety of members and personnel, and other stakeholders, is the highest priority and the Company is acutely aware of the current circumstances results from COVID-19. While the COVID-19 situation remains volatile and uncertain, based on the best information available to the Board at the time of the Notice, the Company intends to conduct a poll on the resolutions in the Notice using the proxies filed prior to the Meeting.

Shareholders are strongly encouraged to submit their proxies as early as possible and in any event prior to the cut-off for proxy voting as set out in the Notice. To lodge your proxy, please follow the directions on your personalised proxy form which will be delivered to you by email or post (depending on your communication preferences).

Shareholders attending the AGM virtually will be able to ask questions and the Company has now made provision for Shareholders who register their attendance before the start of the meeting to also cast their votes on the proposed resolutions. Shareholders who intend to join the AGM are asked to dial-in 30 minutes prior to the start of the meeting to allow the Company to take your details. The virtual meeting can be attended using the following details:

When:

Monday, 13 July 2020 at 12.00pm (AEST)

Topic:

AVE General Meeting

Register in advance for the virtual meeting:

https://us02web.zoom.us/webinar/register/WN_8YIZPFG6RLqZK_gGIHaxQw

After registering, you will receive a confirmation email containing information about joining the meeting. The Company strongly recommends its shareholders to lodge a directed proxy as soon as possible in advance of the meeting even if they are planning to attend the meeting online.

The Company is happy to accept and answer questions submitted prior to the meeting by email to info@avecho.com.au. Where a written question is raised in respect of the key management personnel of the Company, the resolutions to be considered at the meeting, the Company will address the relevant question during the course of the meeting or by written response after the Meeting (subject to the discretion of the Company not to respond to unreasonable and/or offensive questions). If the situation in relation to COVID-19 were to change in a way that affected the position above, the Company will provide a further update ahead of the Meeting by releasing an announcement to ASX.

Any shareholders who wish to attend the AGM online should therefore monitor the Company's website and its ASX announcements for any updates about the AGM. If it becomes necessary or appropriate to make alternative arrangements for the holding or conducting of the meeting, the Company will make further information available through the ASX website at asx.com.au (ASX: AVE) and on its website at <http://avecho.com.au/>.

AVECHO BIOTECHNOLOGY LIMITED

ACN 056 482 403

Registered Office: Unit A8, 2A Westall Road, Clayton, VIC 3168

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of Avecho Biotechnology Limited (the “Company”) will be held virtually on Monday 13 July 2020 at 12.00pm (“Annual General Meeting”, “AGM” or “Meeting”).

AGENDA

The Explanatory Statement and Proxy Form which accompany and form part of this Notice, including defined terms and describe in more detail the matters to be considered. Please consider this Notice, the Explanatory Statement and the Proxy Form in their entirety.

ORDINARY BUSINESS

Receipt and Consideration of Financial Statements and Reports

To receive and consider the Financial Report of the Company, together with the Directors’ Report (including the Remuneration Report) and the Auditors’ Report for the year ended 31 December 2019.

Note: Except as set out in Resolution 1, there is no requirement for Shareholders to vote on a resolution or adopt these reports. Accordingly, no resolution will be put to Shareholders on this item of business.

Resolution 1: Adoption of Remuneration Report

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

“That for the purpose of section 250R(2) of the Corporations Act 2001 and for all other purposes, the Remuneration Report (included in the Directors’ Report) for the financial year ended 31 December 2019 is adopted.”

Resolution 2: Election of Dr Ross Thomas Murdoch as a Director of the Company

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

“That Dr Ross Thomas Murdoch, having been appointed as Non-Executive Director during the year, and who vacates office in accordance with the Company’s Constitution and, being eligible, offers himself for election as a Director of the Company, be elected as a Director of the Company.”

Resolution 3 – Election of Mr Matthew Patrick McNamara as a Director of the Company

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

“That Mr Matthew Patrick McNamara, having been appointed as Non-Executive Director during the year and who vacates office in accordance with the Company’s Constitution and, being eligible, offers himself for election as a Director of the Company, be elected as a Director of the Company.”

Resolution 4 – Re-Election of Dr Gregory Collier as a Director of the Company

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

“That Dr Gregory Collier, being a Director who retires by rotation pursuant to the Company’s Constitution and being eligible for re-election, be re-elected as a Director of the Company.”

Resolution 5 – Approval of the Equity Incentive Plan

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

“That pursuant to and in accordance with ASX Listing Rule 7.2 Exception 13(b), and for all other purposes including section 259B and 260C of the Corporations Act 2001 (Cth), approval is given for the Company to adopt an employee incentive scheme, being the proposed “Equity Incentive Plan” and to issue under the Plan up to the greater of 157 million equity securities or the number of equity securities which is equal to 5% of the number of issued ordinary shares of the Company at the time of the applicable issue, as set out or described in the Explanatory Statement which accompanied and formed part of the Notice of the Meeting.”

SPECIAL BUSINESS

Resolution 6 - Approval of 10% Placement Facility

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

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

BY ORDER OF THE BOARD



Melanie Leydin
Company Secretary
3 June 2020

NOTES

1. **Entire Notice:** The details of the Resolutions contained in the Explanatory Statement accompanying this Notice of Meeting should be read together with, and form part of, this Notice of Meeting.
2. **Record Date:** The Company has determined that for the purposes of the Annual General Meeting, Shares will be taken to be held by the persons who are registered as holding the shares at 7.00pm (AEST) on the date 48 hours before the date of the Annual General Meeting. Only those persons will be entitled to vote at the Annual General Meeting and transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.
3. **Proxies**
 - a. Votes at the Annual General Meeting may be given personally or by proxy, attorney or representative.
 - b. Each Shareholder has a right to appoint one or two proxies.
 - c. A proxy need not be a shareholder of the Company.
 - d. If a Shareholder is a company, it must execute under its common seal or otherwise in accordance with its Constitution or the Corporations Act.
 - e. Where a Shareholder is entitled to cast two or more votes, the shareholder may appoint two proxies and may specify the proportion of number of votes each proxy is appointed to exercise.
 - f. If a Shareholder appoints two proxies, and the appointment does not specify the proportion or number of the Shareholder's votes, each proxy may exercise half of the votes. If a Shareholder appoints two proxies, neither proxy may vote on a show of hands.
 - g. A proxy must be signed by the Shareholder or his or her attorney who has not received any notice of revocation of the authority. Proxies given by corporations must be signed in accordance with corporation's constitution and Corporations Act.
 - h. To be effective, proxy forms must be received by the Company's share registry (Computershare Investor Services Pty Limited) no later than 48 hours before the commencement of the Annual General Meeting, this is no later than 12.00pm (AEST) on Saturday, 11 July 2020. Any proxy received after that time will not be valid for the scheduled Meeting.

4. Corporate Representative

Any corporate shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or share registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

5. Voting Exclusion Statement:

Resolution 1

The Company will disregard any votes cast on Resolution 1 by or on behalf of the Company's key management personnel (including the Directors) ("KMP"), details of whose remuneration are included in the Remuneration Report, or their closely related parties, whether as a securityholder or as a proxy.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directors on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Accordingly, if you intend to appoint a member of KMP as your proxy, please ensure that you direct them how to vote. If you intend to appoint the Chairman of the meeting as your proxy, you can direct him to vote by marking the box for Resolution 1. By marking the Chairman's box on the proxy form, you acknowledge that the Chairman of the meeting will vote in favour of this item of business as your proxy. The Chairman will vote undirected proxies in favour of Resolution 1.

Resolutions 2, 3 and 4

There are no voting exclusions on these Resolutions.

Resolution 5

The Company will disregard any votes cast in favour on this Resolution by or on behalf of a person who is eligible to participate in the EIP.

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

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) 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
- (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:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Since Resolution 5 may be considered to relate to the remuneration of a member of the KMP for the Company, the Company will disregard all votes cast in favour of Resolution 5 by a member of the KMP or a Closely Related Party of a KMP, who has been appointed as a proxy.

Resolution 6

The Company will disregard any votes cast in favour of this Resolution by and on behalf of any person who is expected to participate in, or who will obtain a material benefit as result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity).

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy to 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
- (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:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

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

6. Enquiries

Shareholders are invited to contact the Company Secretary, Melanie Leydin on (03) 9692 7222 if they have any queries in respect of the matters set out in these documents.

EXPLANATORY STATEMENT

ORDINARY BUSINESS

Receipt and Consideration of Financial Statements and Reports

A copy of the Annual Report for the financial year ended 31 December 2019 (which incorporates the Company's Financial Report, Directors Report (including the Remuneration Report and the Auditors Report) is not enclosed as there is no longer a requirement for the Company to incur the printing and distribution cost associated with doing so for all Shareholders.

You may obtain a hard copy free of charge by contacting the Company by phone at (03) 9692 7222 and you may request that this occurs on a standing basis for future years. Alternatively, you may access the Annual Report at the Company's website: <http://avecho.com.au/> or via the Company's announcement platform on ASX.

Except as set out in Resolution 1, no resolution is required on these reports.

Resolution 1: Adoption of Remuneration Report

Background

Section 250R(2) of the Corporations Act requires that a resolution to adopt the Remuneration Report must be put to the vote at the Annual General Meeting. The vote on this Resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report is set out in the Directors' Report in the Company's 2019 Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company.

In accordance with Section 250SA of the Corporations Act 2001, Shareholders will be provided with a reasonable opportunity to ask questions concerning, or make comments on, the Remuneration Report at the Annual General Meeting.

The Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

Board Recommendation

The Board recommends that Shareholders vote in favour of Resolution 1. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 1.

Voting Exclusions

For voting exclusions refer to Note 5.

Resolution 2: Election of Dr Ross Thomas Murdoch as a Director of the Company

Background

Dr Ross Thomas Murdoch was appointed as CEO in January 2015. He retired as CEO on 30 April 2019 and was appointed by the Board of Directors as a Non-Executive Director of the Company on the same day.

Dr Murdoch has more than 25 years' experience as a leader within the global healthcare, pharmaceutical and biotechnology Industry. He has held senior management and executive positions in Australia, USA and Europe, with responsibility for the strategy, development and commercialisation of products, product portfolios and the building and rebuilding of new and existing businesses. Dr Murdoch is presently the CEO of Tasmanian Alkaloids Pty Ltd.

Dr Murdoch has a BSc degree with honours from Monash University, a PhD in Clinical Pharmacology from the University of Melbourne, and additional postgraduate training in Health Economics from Monash University Business School.

Board Recommendation

The Board (with Dr Ross Murdoch abstaining), recommends that Shareholders vote in favour of Resolution 2. The Chairman of the Meeting intends to vote undirected proxies in favour of Mr Murdoch's election.

Voting Exclusions

There are no voting exclusions on this resolution.

Resolution 3 – Election of Mr Matthew Patrick McNamara as a Director of the Company

Background

Mr Matthew McNamara has over 30 years' experience in the healthcare and medical sciences sector. He has a BSc (Hons) in Molecular Biology and is also a holder of an MBA.

In 2003, he founded BioBridge Australia, a biotechnology commercialisation advisory company and advised a number of public biotechnology / investment companies. He is presently a director of Adherium Ltd (ASX: ADR), SciCapital Pty Ltd, Vitapeutics Pty Ltd, Microbio Pty, ESN Cleer Pty Ltd and Grey Innovation Group Pty Ltd. He has held previous directorship in Avita Medical Ltd, Bioxyne Ltd and Saluda Medical Pty Ltd. He has also served as CIO of BioScience Manager Pty Ltd, was CEO of SciCapital Pty Ltd, a Life Sciences Venture Capital fund, SVP Business Development for eBioinformatics Inc, General Manager of Vistakon Pty Ltd (a Johnson & Johnson Medical franchise), and held numerous management positions in Australia with Merck & Co.

Board Recommendation

The Board (with Mr Matthew McNamara abstaining) recommends that Shareholders vote in favour of Resolution 3. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 3.

Voting Exclusions

There are no voting exclusions on this resolution.

Resolution 4 – Re-Election of Dr Gregory Collier as a Director of the Company

Background

The Constitution of the Company requires that at every Annual General Meeting, one third of Directors shall retire from office and provides that such Directors are eligible for re-election at the meeting. The Constitution also requires that any other Executive Director, other than the Managing Director, is subject to retirement by rotation. Dr Gregory Collier, being eligible, offers himself for re-election.

Dr Collier has more than 20 years' experience spanning operational, clinical and scientific aspects of pharmaceutical research, development and commercialisation. He has led the planning and execution of multiple commercial transactions including in and out licensing deals and major M&A activities, and he has successfully taken a drug from discovery through to regulatory approval.

Notably, Dr Collier steered ChemGenex Pharmaceuticals Limited from a research-based company with a market capitalisation of \$10 million to a company with completed clinical trials and regulatory dossiers submitted to the FDA and EMA. In 2011, ChemGenex was sold to Cephalon Inc. (now subsidiary of Teva Pharmaceuticals Industries Limited) for \$230 million.

Prior to his commercial pharmaceutical career, Dr Collier had an outstanding academic career resulting in over 150 peer reviewed publications, and senior authorship on 33 patents. Dr Collier was the inaugural Alfred Deakin Professor at Deakin University, and also held positions at Melbourne University, Monash University and the University of Toronto. In 2010, Dr Collier was awarded the Roche Award of Excellence for his contribution to the biotechnology industry.

Board Recommendation

The Board (with Dr Gregory Collier abstaining), recommends that Shareholders vote in favour of Resolution 4. The Chairman of the Meeting intends to vote undirected proxies in favour of Dr Collier's re-election.

Voting Exclusions

There are no voting exclusions on this resolution.

Resolution 5 – Approval of the Equity Incentive Plan

Background

Shareholder approval is being sought for the adoption of a proposed Equity Incentive Plan (**EIP** or the **Plan**), noting that shareholders have previously approved another Equity Incentive Plan in 2017. The Board is committed to incentivising and retaining the Company's directors, employees and consultants in a manner which promotes alignment of their interests with shareholder interests. Additionally, the Board considers equity-based compensation an integral component of the Company's remuneration platform as it allows it to be fiscally prudent by conserving cash resources while still enabling it to offer market-competitive remuneration arrangements.

The Plan would enable eligible directors, officers, employees and contractors (including executive and non-executive directors, officers, employees and contractors of the Company's subsidiaries) to receive shares, options to acquire shares in the Company, other securities, or rights or interests such as performance rights.

No directors or their associates can or will be issued shares, options or other securities or rights under the Plan unless shareholder approval of specific issues to them is obtained. Under the Plan the Company may acquire shares on market to be held on trust for directors or their associates.

Approval is sought to issue up to 157 million equity securities (shares, options or other rights including performance rights each conditionally entitling the applicable holder to one fully paid ordinary shares upon exercise or achievement of the applicable milestone). This number includes 78 million equity securities which the Company may issue to senior executives who are not directors of the Company. Any additional issues under the Plan above that number would require further shareholder approval, unless the total number of securities issued does not exceed 5% of the then issued shares of the Company.

The objects of the Plan are to:

- provide eligible employees with an additional incentive to work to improve the performance of the Company;
- attract and retain eligible employees essential for the continued growth and development of the Company;
- promote and foster loyalty and support amongst eligible employees for the benefit of the Company;
- enhance the relationship between the Company and eligible employees for the long-term mutual benefit of all parties; and
- provide eligible employees with the opportunity to acquire shares, options or rights in the Company, in accordance with the Plan.

ASX Listing Rules

ASX Listing Rule 7.1 requires that shareholder approval is required for an issue of securities if the securities will, when aggregated with the securities issued by the entity during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12-month period.

ASX Listing Rule 7.2 exception 13 provides an exception to ASX Listing Rule 7.1 for securities issued under an employee incentive scheme within 3 years after shareholder approval of the scheme. The Company therefore seeks approval of the Plan under ASX Listing Rule 7.2 Exception 13 so that issues of securities under the Plan do not impede the capacity of the Company to issue up to a further 15% of its capital without shareholder approval.

As the Plan will not commence until shareholder approval is obtained, no securities have been issued under the new Plan.

Summary of Terms and Conditions of the Company's EIP

- the Plan sets out the framework for the offer of Shares, Options or Performance Rights by the Company, and is typical for a document of this nature;
- in making its decision to issue Shares, Options or Performance Rights, the Board may decide the number of securities and the vesting conditions which are to apply in respect of the securities. The Board has broad flexibility to issue Shares, Options or Performance Rights having regard to a range of potential vesting criteria and conditions;
- in certain circumstances, unvested Options or Performance Rights will immediately lapse and any unvested Shares held by the participant will be forfeited if the relevant person is a "bad leaver" as distinct from a "good leaver";
- if a participant acts fraudulently or dishonestly or is in breach of their obligations to the Company or its subsidiaries, the Board may determine that any unvested Performance Rights or Options held by the participant immediately lapse and that any unvested Shares held by the participant be forfeited;
- in certain circumstances, Shares, Performance Rights or Options can vest early, including following a change of control or other events of a similar nature. For the purposes of this rule, a relevant control event occurs in a number of scenarios in which a third party may acquire 50% or more of the Company's Shares;
- the total number of Shares that would be issued were each Option, Performance Right and Share under the Plan exercised or vested (as applicable), plus the number of Shares issued in the previous three years under the Plan, must not, at any time, exceed the greater of the last specific number approved by shareholders under the ASX Listing Rules or 5% of the total number of Company Shares then on issue. Shares issued under the Plan will rank equally in all respects with other Shares and the Company must apply for the quotation of such Shares;
- the Board has discretion to impose restrictions (except to the extent prohibited by law or the ASX Listing Rules) on Shares issued or transferred to a participant on vesting of an Option or a Performance Right, and the Company may implement appropriate procedures to restrict a participant from so dealing in the Shares;
- in respect of vested Options or Performance Rights, if the Board becomes aware of an event which would have resulted in vesting criteria not being satisfied, such as a material misstatement in the Company's financial statements during the vesting period, any affected vested Options or Rights may be cancelled for no consideration;
- in the event of any reorganisation of the issued capital of the Company on, or prior to, the expiry of the Performance Rights or Options, the rights of the relevant security holder can be changed in the discretion of the Board, including to comply with the applicable ASX Listing Rules in force at the time of the reorganisation; and
- the Board is granted a certain level of discretion under the Plan, including the power to amend the rules under which the Plan is governed and to waive vesting conditions, forfeiture conditions or disposal restrictions.

Corporations Act

Approval is also sought for the purposes of sections 259B and 260C of the Corporations Act 2001 (Cth).

The Plan provides for the Company to take security over shares issued under the Plan, and to place restrictions on transfer and voting which may also constitute taking security over its own shares. Section 259B(1) of the Corporations Act provides that a company must not take security over shares in itself except as permitted by the

Corporations Act. Section 259B(2) provides that the Company may take security over shares in itself under an employee share scheme that has been approved by shareholders at a general meeting.

Under section 260C(4) of the Corporations Act, a company may financially assist a person to acquire its shares if the financial assistance is given under an employee share scheme that is approved by shareholders at a general meeting. The Plan provides that the Company may make loans in respect of shares or other securities issued or to be acquired under the Plan and/or acquire shares or other securities to be held on trust for eligible participants. This may be considered to be the Company providing financial assistance for the acquisition of its own shares or other securities.

Directors Recommendations

As the Directors of the Company are excluded from voting pursuant to the Listing Rules, they make no recommendation to the shareholders in respect of the EIP.

The Chairman in his capacity as proxy holder intends to vote undirected proxies in favour of approving this Resolution 5.

Voting Exclusions

For voting exclusions refer to Note 5.

Resolution 6 - Approval of 10% Placement Facility

Background

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12-month period after the Annual General Meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity and is seeking Shareholder approval under Listing Rule 7.1A by way of a special resolution for the first time.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (see below).

The Company continues to actively seek to enhance the value of its assets and new investments. Should the Company utilise the 10% Placement Facility, it intends to use the funds to either accelerate the work on its current projects, acquire new assets or investments or to meet additional working capital requirements.

Description of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an Annual General Meeting. This means it requires 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).

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue two classes of Equity Securities, Fully Paid Ordinary Shares and Unquoted Options.

(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an Annual General Meeting may issue or agree to issue, during the 12 month period after the date of the Annual General Meeting, a number of Equity Securities calculated in accordance with the following formula:

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

- A** is the number of shares on issue 12 months before the date of issue or agreement (i.e. the relevant period):
- a) plus the number of fully paid ordinary shares issued in the relevant period under an exception in Listing Rule 7.2 other than exception 9, 16 and 17;
 - b) plus the number of fully paid ordinary shares issued in the relevant period on the conversion of convertible securities within rule 7.2 exception 9 where:
 - the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
 - the issue of, or agreement to issue, the convertible securities was approved, or taken under these rules to have been approved, under rule 7.1 or rule 7.4,
 - c) plus the number of fully paid ordinary securities issued in the relevant period under an agreement to issue securities within rule 7.2 exception 16 where:
 - the agreement was entered into before the commencement of the relevant period; or
 - the agreement or issue was approved, or taken under these rules to have been approved, under rule 7.1 or rule 7.4,
 - d) plus the number of any other fully paid ordinary securities issued in the relevant period with approval under rule 7.1 or rule 7.4,
 - e) plus the number of partly paid ordinary securities that became fully paid in the relevant period;
 - f) less the number of fully paid ordinary securities cancelled in the relevant period;

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

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

(d) *Listing Rule 7.1 and Listing Rule 7.1A*

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2.

(e) *Minimum Issue Price*

The issue price of Equity Securities issued under Listing Rule 7.1A must be in an existing quoted class of the eligible Company's equity securities and issued for a cash consideration per security which is not less than 75% of the volume weighted average market price for securities in that class, calculated over the 15 trading days on which trades in that class were recorded immediately before:

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

(f) *10% Placement Period*

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A commences on the date of the annual general meeting at which the approval is obtained and expires on the first to occur of the following:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained.
- (ii) the time and date of the Company's next annual general meeting.

- (iii) the time and date of the approval by holders of the eligible Company's ordinary securities of a transaction under Listing Rules 11.1.2 (change to the nature or scale of activities) or 11.2 (change involving main undertaking),
(10% Placement Period).

Listing Rule 7.1A

The effect of Resolution 6 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 6 is a special resolution and therefore requires 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).

Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) In the past twelve months the Company has not issued any Shares under Listing Rule 7.1A.
- (b) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days 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 10 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (c) If Resolution 6 is approved by Shareholders, the approval will commence on 13 July 2020 and expires on the first to occur of the following:
- The date that is 12 months after the date of the annual general meeting at which the approval is obtained, i.e. expires on 13 July 2021.
 - The time and date of the Company's next annual general meeting.
 - The time and date of the approval by holders of the eligible entity's ordinary securities of a transaction under rule 11.1.2 or rule 11.2.
- (d) If Resolution 6 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. Shareholders may be exposed to economic risk and voting dilution, including the following:
- (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 Annual General 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,

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

The below table shows the dilution of existing Shareholders on the basis of the market price of Shares as at 2 June 2020 (**Current Share Price**) and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

- two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. 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; and
- two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Issue Price		
		\$0.004 50% decrease in Current Share Price	\$0.008 Current Share Price	\$0.016 100% increase in Current Share Price
Current Variable A 1,597,457,420 Shares	10% Voting Dilution	159,745,742 Shares	159,745,742 Shares	159,745,742 Shares
	Funds raised	\$638,983	\$1,277,966	\$2,555,932
50% increase in current Variable A 2,396,186,130 Shares	10% Voting Dilution	239,618,613 Shares	239,618,613 Shares	239,618,613 Shares
	Funds raised	\$958,474	\$1,916,949	\$3,833,898
100% increase in current Variable A 3,194,914,840 Shares	10% Voting Dilution	319,491,484 Shares	319,491,484 Shares	319,491,484 Shares
	Funds raised	\$1,277,966	\$2,555,932	\$5,111,864

The table has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
 - No Options are exercised into Shares before the date of the issue of the Equity Securities;
 - 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%.
 - 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 Facility, based on that Shareholder's holding at the date of the Annual General Meeting.
 - The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
 - The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Options or Performance Rights, it is assumed that those Options or Performance Rights are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
 - The Current Share Price is **\$0.008** (0.8 cent), being the closing price of the Shares on ASX on **2 June 2020**.
- (e) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 6 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).
- (f) The Company may seek to issue the Equity Securities for cash consideration. In such circumstances, the Company intends to use the funds raised towards the acquisition of new assets or investments (including expenses associated with such acquisitions) and/or to meet additional working capital requirements.
- (g) The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) upon issue of any Equity Securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

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

- (h) A voting exclusion statement is included in the Notice. At the date of this Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in this Notice.

Board Recommendation

The Board recommends that Shareholders vote in favour of Resolution 6. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 6.

Voting Exclusions

For voting exclusions refer to Note 5.

GLOSSARY

The following terms have the following meanings in this Explanatory Statement:

“\$” means Australian Dollars.

“10% Placement Facility” has the meaning as defined in the Explanatory Statement for Resolution 6.

“10% Placement Period Facility” has the meaning as defined in the Explanatory Statement for Resolution 6.

“Annual Report” means the Directors’ Report, the Financial Report, and Auditor’s Report, in respect to the year ended 31 December 2019.

“ASX” means ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange, as the context requires.

“Auditor’s Report” means the auditor’s report on the Financial Report.

“AEST” means Australian Eastern Standard Time.

“Board” means the Directors acting as the board of Directors of the Company.

“Chairman” means the person appointed to chair the Meeting of the Company convened by the Notice.

“Closely Related Party” means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

“Company” means Avecho Biotechnology Limited ACN 056 482 403.

“Constitution” means the constitution of the Company as at the date of the Meeting.

“Corporations Act” means the Corporations Act 2001 (Cth).

“Director” means a Director of the Company.

“Directors Report” means the annual directors’ report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

“EIP” means the Equity Incentive Plan being proposed under Resolution 5.

“Entity” means Avecho Biotechnology Limited ACN 056 482 403.

“Equity Security” has the same meaning as in the Listing Rules.

“Explanatory Statement” means the explanatory statement which forms part of the Notice.

“Financial Report” means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

“Key Management Personnel” means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

“Listing Rules” means the Listing Rules of the ASX.

“Meeting” has the meaning given in the introductory paragraph of the Notice.

“Notice” means this Notice of Meeting including the Explanatory Statement.

“Plan” means the Equity Incentive Plan being proposed under Resolution 5.

“Proxy Form” means the proxy form attached to this Notice.

“Remuneration Report” means the remuneration report which forms part of the Directors’ Report of the Company for the financial year ended 31 December 2019 and which is set out in the Annual Report.

“Resolution” means a resolution referred to in this Notice.

“Section” means a section of the Explanatory Statement, unless otherwise specified.

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

“Shareholder” means shareholder of the Company.

“Trading Day” means a day determined by ASX to be a trading day in accordance with the Listing Rules.

“VWAP” means volume weighted average price.



AVE

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Need assistance?



Phone:

1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)



Online:

www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **12.00pm (AEST) Saturday, 11 July 2020.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

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

Joint Holding: Where the holding is in more than one name, all of the securityholders 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 form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999

SRN/HIN: I9999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Avecho Biotechnology Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Avecho Biotechnology Limited to be held via audio-conference on Monday, 13 July 2020 at 12.00pm (AEST) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 1 & 5 (except where I/we have indicated a different voting intention in step 2) even though Items 1 & 5 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 1 & 5 by marking the appropriate box in step 2.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
Item 1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2 Election of Dr Ross Thomas Murdoch as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 Election of Mr Matthew Patrick McNamara as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4 Re-Election of Dr Gregory Collier as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5 Approval of the Equity Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 6 Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

Update your communication details (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

AVE

2 5 1 2 7 8 A



Computershare

