

ABN 24 605 352 510
Notice of Annual General Meeting

Notice is given that the Annual General Meeting (**AGM or the Meeting**) of Shareholders of Adherium Limited (**Adherium or the Company**) will be held as follows:

Date: **27 October 2021**
Time: **9:30am (AEDT)**
Venue: **Zoom webcast** - register in advance to attend at
https://us06web.zoom.us/webinar/register/WN_ukffpWO9Qu-PnlqGYx7sEQ

Voting in person: Ordinarily, Shareholders would be able to participate in the Meeting of the Company by attending and voting in person at the meeting venue. However, due to the current exceptional and uncertain circumstances, and with the health and wellbeing of the shareholders, employees and the broader community in mind, the AGM will be held virtually via a live Zoom webcast. To attend the live webcast you will first need to register ahead of the meeting at the following link:

https://us06web.zoom.us/webinar/register/WN_ukffpWO9Qu-PnlqGYx7sEQ.

Following registration, you will receive a confirmation email containing Zoom Facility attendance details, at which you will be able to view the meeting and submit questions. Please ensure you register in advance of the meeting to be able to receive the confirmation email prior to commencement of the meeting.

All Resolutions by Poll: Under the Treasury Laws Amendment (2021 Measures No.1) Act 2021, as the meeting will be conducted as a virtual meeting all votes will be taken on a poll via proxy or online voting.

Voting using the Online Platform during the Meeting: Due to the virtual nature of the event, Computershare will facilitate voting during the meeting from your smartphone, tablet or computer. If you wish to cast your vote during the meeting, please ensure you have the latest versions of Chrome, Safari, Internet Explorer 11, Edge or Firefox, and follow the steps below to register your interest as soon as possible:

Step 1: Visit <https://web.lumiagm.com/332865052> on your computer or mobile device

Step 2: Enter username (SRN or HIN) and Password (Postcode or Country Code)

Step 3: When the poll is open, the vote icon  will be accessible by selecting the voting icon at the top of your screen.

Step 4: Select your voting option (For/Against/Abstain) for each resolution. A message will appear at the top of the screen indicating the number of resolutions that you have voted on.

Voting will close an hour after the close of the Meeting. At the close of the Meeting, any votes you have placed will automatically be submitted to the Registry. For further instructions on how to participate online please view the online meeting user guide at <http://www.computershare.com.au/onlinevotingguide>.

Voting by Proxy - to vote by proxy, please complete and sign the Proxy Form enclosed and either:

- send the Proxy Form by post to Computershare, GPO Box 242, Melbourne, Victoria 3001; or
- send the Proxy Form by facsimile to Computershare on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

OR

- for online voting, visit www.investorvote.com.au and enter the 6 digit control number (135801) and your Adherium SRN or HIN;
- for Intermediary Online voting by Custodians, please submit your votes electronically via www.intermediaryonline.com;

so that it is received not later than 9:30am on Monday, 25 October 2021.

Questions – Shareholders are encouraged to submit questions ahead of the Meeting so that they are received by email to CompanySec@adherium.com no later than 5:00pm AEDT Friday, 22 October 2021.

This Notice of Annual General Meeting and Explanatory Memorandum should be read in its entirety. If you are in doubt as to how to vote on any of the Resolutions, you should seek advice from your accountant, solicitor or other professional adviser without delay.

The business and formal resolutions proposed to be considered at the Meeting follow

Business

Financial Statements and Reports

To receive and consider the Company's annual financial report, including the directors' report and audit report for the period ended 30 June 2021.

Note: There is no requirement for Shareholders to vote upon or approve these reports and financial statements.

Resolutions

1. Resolution 1 - Adoption of Remuneration Report

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

"That the Company adopt the Remuneration Report for the year period ended 30 June 2021 as set out in the Company's Annual Report in accordance with Section 250R(2) of the Corporations Act."

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

Voting Exclusion Statement: Corporations Act - A vote must not be cast (in any capacity) on this Resolution 1 by, or on behalf of, a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member (collectively, a **KMP**).

However, a KMP may cast a vote on this Resolution 1 as a proxy if the vote is not cast on behalf of a KMP and either:

- (a) the KMP is acting as proxy and the proxy form specifies how the proxy is to vote; or
- (b) the KMP is the Chair of the meeting and the appointment as proxy (i) does not specify the way the proxy is to vote on the Resolution, and (ii) which expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

The Chairman will vote all undirected proxies in favour of this Resolution 1.

2. Resolution 2 - Election of Mr George Baran as a Director

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

"That George Baran, who retires in accordance with the Company's Constitution and ASX Listing Rule 14.4 and, being eligible and having submitted himself for re-election, be appointed as a Director of the Company."

3. Resolution 3 – Ratification of prior issue of Stock Appreciation Rights to Rick Legleiter

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

"That, in accordance with ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify and approve for the purposes of ASX Listing Rule 7.1 the previous issue as announced to the ASX market on 20 September 2021 to Mr Rick Legleiter of 148,977,337 Stock Appreciation Rights (SARs) and as further detailed in the attached Explanatory Memorandum."

Voting Exclusion Statement: ASX Listing Rules - The Company will disregard any votes cast in favour of Resolution 3 by or on behalf of:

- (a) a person who participated in the issue or is a counterparty to the agreement being approved; or
- (b) any associates of those persons.

However, the Company need not disregard a vote cast on Resolution 3 if it is cast by or on behalf of:

- (c) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- (d) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (e) a shareholder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the shareholder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the shareholder votes on the resolution in accordance with directions given by the beneficiary to the shareholder to vote in that way.

Voting Prohibition Statement: Corporations Act - A person appointed as proxy must not vote, as a proxy for this Resolution 3 (being a resolution connected directly or indirectly with the remuneration of a member of the key management personnel for the Company) if that person is a member of the Key Management Personnel for the Company (**KMP**) or a Closely Related Party of a KMP, and the appointment does not specify the way the proxy is to vote on Resolution 3. However, the Company will not disregard any votes cast on Resolution 3 by such person if the person is:

- acting as proxy and the Proxy Form specifies how the proxy is to vote on Resolution 3, and the vote is not cast on behalf of a person who is otherwise excluded from voting on Resolution 3 as described above; or
- the Chairman of the meeting voting an undirected proxy and their appointment expressly authorises the Chairman to exercise the proxy even though Resolution 3 is connected directly or indirectly with the remuneration of the KMP of the Company.

The Chairman will vote all undirected proxies in favour of this Resolution 3.

4. Resolution 4 - Approval of additional 10% Placement Facility

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

“That, for the purpose of ASX Listing Rule 7.1A and for all other purposes, the Shareholders approve the issue of equity securities of up to 10% of the total issued capital of the Company (at the time of the issue), calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 over a 12 month period and on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion Statement: ASX Listing Rules - The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of any person (or their associates) who is expected to participate, or will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of the Company's ordinary securities).

However, the Company need not disregard a vote on Resolution 4 if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the direction 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; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met -
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

At the date of this Notice of Meeting, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in an issue of equity securities under the 10% Placement Facility (as defined in the Explanatory Memorandum). Therefore, no existing Shareholder's votes will be excluded under the above voting exclusion.

The Chairman will vote all undirected proxies in favour of this Resolution 4.

5. Resolution 5 - Approval of Employee Share Plans

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

“That the Shareholders renew the approval of the Company's existing Employee Share Plans for the purposes of ASX Listing Rule 7.2 Exception 13(b), section 259B(2) of the Corporations Act 2001 (Cth), and for all other purposes and on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion Statement: ASX Listing Rules - The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of:

- (a) a person who is eligible to participate in the Employee Share Plans; or
- (b) any associates of those persons.

However, the Company need not disregard a vote cast on Resolution 5 if it is cast by or on behalf of:

- (c) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- (d) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (e) a shareholder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the shareholder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the shareholder votes on the resolution in accordance with directions given by the beneficiary to the shareholder to vote in that way.

The Chairman will vote all undirected proxies in favour of this Resolution 5.

6. Resolution 6 - Issue of Shares to James Ward-Lilley in Lieu of Payment of Director fees

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

“That, for the purpose of ASX Listing Rule 10.11 and for all other purposes, the Shareholders approve the issue of a number of Shares to James Ward-Lilley (or his nominee) at the calendar monthly VWAP price (per relevant month) in lieu of the monthly director’s fees otherwise payable to James Ward-Lilley for the corresponding month, such monthly entitlements to continue each month for the period 1 April 2021 until 30 June 2021, and otherwise on the terms and conditions set out in the Explanatory Memorandum.”

Voting Prohibition Statement: Corporations Act - A vote must not be cast in favour on this Resolution 6 by, or on behalf of, a member of the Key Management Personnel (i) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member (collectively, a **KMP**) and (ii) where voting by that KMP is pursuant to a proxy, except that a KMP may cast a vote on this Resolution 6 as a proxy if either:

- (a) the KMP is acting as proxy and the proxy form specifies how the proxy is to vote; or
- (b) the KMP is the Chair of the meeting and the appointment as proxy (i) does not specify the way the proxy is to vote on the Resolution, and (ii) which expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Voting Exclusion Statement: ASX Listing Rules - The Company will disregard any votes cast in favour of Resolution 6 by or on behalf of any person who is to receive securities in the Company pursuant to this Resolution 6 and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity), or an associate of those persons. However, the Company need not disregard a vote on Resolution 6 if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the direction 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.

The Chairman will vote all undirected proxies in favour of this Resolution 6.

7. Resolution 7 - Issue of Shares to Bruce McHarrie in Lieu of Payment of Director fees

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

“That, for the purpose of ASX Listing Rule 10.11 and for all other purposes, the Shareholders approve the issue of a number of Shares to Bruce McHarrie (or his nominee) at the calendar monthly VWAP price (per relevant month) in lieu of the monthly director’s fees otherwise payable to Bruce McHarrie for the corresponding month, such monthly entitlements to continue each month for the period 1 April 2021 until 30 June 2021, and otherwise on the terms and conditions set out in the Explanatory Memorandum.”

Voting Prohibition Statement: Corporations Act - A vote must not be cast in favour on this Resolution 7 by, or on behalf of, a member of the Key Management Personnel (i) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member (collectively, a **KMP**) and (ii) where voting by that KMP is pursuant to a proxy, except that a KMP may cast a vote on this Resolution 7 as a proxy if either:

- (a) the KMP is acting as proxy and the proxy form specifies how the proxy is to vote; or
- (b) the KMP is the Chair of the meeting and the appointment as proxy (i) does not specify the way the proxy is to vote on the Resolution, and (ii) which expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Voting Exclusion Statement: ASX Listing Rules - The Company will disregard any votes cast in favour of Resolution 7 by or on behalf of any person who is to receive securities in the Company pursuant to this Resolution 7 and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity), or an associate of those persons. However, the Company need not disregard a vote on Resolution 7 if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the direction 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.

The Chairman will vote all undirected proxies in favour of this Resolution 7.

8. Resolution 8 - Issue of Shares to William Hunter in Lieu of Payment of Director fees

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

“That, for the purpose of ASX Listing Rule 10.11 and for all other purposes, the Shareholders approve the issue of a number of Shares to William Hunter (or his nominee) at the calendar monthly VWAP price (per relevant month) in lieu of the monthly director’s fees otherwise payable to William Hunter for the corresponding month, such monthly entitlements to continue each month for the period 1 April 2021 until 30 June 2021, and otherwise on the terms and conditions set out in the Explanatory Memorandum.”

Voting Prohibition Statement: Corporations Act - A vote must not be cast in favour on this Resolution 8 by, or on behalf of, a member of the Key Management Personnel (i) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member (collectively, a **KMP**) and (ii) where voting by that KMP is pursuant to a proxy, except that a KMP may cast a vote on this Resolution 8 as a proxy if either:

- (a) the KMP is acting as proxy and the proxy form specifies how the proxy is to vote; or
- (b) the KMP is the Chair of the meeting and the appointment as proxy (i) does not specify the way the proxy is to vote on the Resolution, and (ii) which expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Voting Exclusion Statement: ASX Listing Rules - The Company will disregard any votes cast in favour of Resolution 8 by or on behalf of any person who is to receive securities in the Company pursuant to this Resolution 8 and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity), or an associate of those persons. However, the Company need not disregard a vote on Resolution 8 if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the direction 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.

The Chairman will vote all undirected proxies in favour of this Resolution 8.

9. Resolution 9 - Issue of Shares to Jeremy Curnock Cook in Lieu of Payment of Director fees

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

“That, for the purpose of ASX Listing Rule 10.11 and for all other purposes, the Shareholders approve the issue of a number of Shares to Jeremy Curnock Cook (or his nominee) at the calendar monthly VWAP price (per relevant month) in lieu of the monthly director’s fees otherwise payable to Jeremy Curnock Cook for the corresponding month, such monthly entitlements to continue each month for the period 1 April 2021 until 30 June 2021, and otherwise on the terms and conditions set out in the Explanatory Memorandum.”

Voting Prohibition Statement: Corporations Act - A vote must not be cast in favour on this Resolution 9 by, or on behalf of, a member of the Key Management Personnel (i) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member (collectively, a **KMP**) and (ii) where voting by that KMP is pursuant to a proxy, except that a KMP may cast a vote on this Resolution 9 as a proxy if either:

- (a) the KMP is acting as proxy and the proxy form specifies how the proxy is to vote; or
- (b) the KMP is the Chair of the meeting and the appointment as proxy (i) does not specify the way the proxy is to vote on the Resolution, and (ii) which expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Voting Exclusion Statement: ASX Listing Rules - The Company will disregard any votes cast in favour of Resolution 9 by or on behalf of any person who is to receive securities in the Company pursuant to this Resolution 9 and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity), or an associate of those persons. However, the Company need not disregard a vote on Resolution 9 if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the direction 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.

The Chairman will vote all undirected proxies in favour of this Resolution 9.

10. Resolution 10 - Issue of Shares to Matthew McNamara in Lieu of Payment of Director fees

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

“That, for the purpose of ASX Listing Rule 10.11 and for all other purposes, the Shareholders approve the issue of a number of Shares to Matthew McNamara (or his nominee) at the calendar monthly VWAP price (per relevant month) in lieu of the monthly director’s fees otherwise payable to Matthew McNamara for the corresponding month, such monthly entitlements to continue each month for the period 1 April 2021 until 30 June 2021, and otherwise on the terms and conditions set out in the Explanatory Memorandum.”

Voting Prohibition Statement: Corporations Act - A vote must not be cast in favour on this Resolution 10 by, or on behalf of, a member of the Key Management Personnel (i) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member (collectively, a **KMP**) and (ii) where voting by that KMP is pursuant to a proxy, except that a KMP may cast a vote on this Resolution 10 as a proxy if either:

- (a) the KMP is acting as proxy and the proxy form specifies how the proxy is to vote; or
- (b) the KMP is the Chair of the meeting and the appointment as proxy (i) does not specify the way the proxy is to vote on the Resolution, and (ii) which expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Voting Exclusion Statement: ASX Listing Rules - The Company will disregard any votes cast in favour of Resolution 10 by or on behalf of any person who is to receive securities in the Company pursuant to this Resolution 10 and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity), or an associate of those persons. However, the Company need not disregard a vote on Resolution 10 if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the direction 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.

The Chairman will vote all undirected proxies in favour of this Resolution 10.

11. Resolution 11 - Issue of Shares to George Baran in Lieu of Payment of Director fees

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

“That, for the purpose of ASX Listing Rule 10.11 and for all other purposes, the Shareholders approve the issue of a number of Shares to George Baran (or his nominee) at the calendar monthly VWAP price (per relevant month) in lieu of the monthly director’s fees otherwise payable to George Baran for the corresponding month, such monthly entitlements to continue each month for the period 13 May 2021 until 30 June 2021, and otherwise on the terms and conditions set out in the Explanatory Memorandum.”

Voting Prohibition Statement: Corporations Act - A vote must not be cast in favour on this Resolution 11 by, or on behalf of, a member of the Key Management Personnel (i) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member (collectively, a **KMP**) and (ii) where voting by that KMP is pursuant to a proxy, except that a KMP may cast a vote on this Resolution 11 as a proxy if either:

- (a) the KMP is acting as proxy and the proxy form specifies how the proxy is to vote; or
- (b) the KMP is the Chair of the meeting and the appointment as proxy (i) does not specify the way the proxy is to vote on the Resolution, and (ii) which expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Voting Exclusion Statement: ASX Listing Rules - The Company will disregard any votes cast in favour of Resolution 11 by or on behalf of any person who is to receive securities in the Company pursuant to this Resolution 11 and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity), or an associate of those persons. However, the Company need not disregard a vote on Resolution 11 if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the direction 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.

The Chairman will vote all undirected proxies in favour of this Resolution 11.

Other business

To consider any other business that may lawfully be brought forward in accordance with the Constitution of the Company or the law.

Other information

An Explanatory Memorandum accompanies and forms part of this Notice of Annual General Meeting.

All Shareholders should read the Explanatory Memorandum carefully and in its entirety. Shareholders who are in doubt regarding any part of the business of the Meeting should consult their financial or legal adviser for assistance.

Voting by proxy

Any Shareholder entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of that Shareholder.

The proxy does not need to be a Shareholder of the Company.

A Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the Shareholder's votes.

With respect to Resolutions 1 - 11, if a Shareholder appoints the Chairman of the Meeting as proxy and does not direct the Chairman how to vote on either of those Resolutions, the Shareholder authorises the Chairman to vote in accordance with his voting intention as stated in this Notice of Meeting, namely in favour of each of those Resolutions, even if he is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Proxies must be:

- (a) lodged at the Company's share registry, Computershare Investor Services Pty Limited; or
- (b) faxed to the fax number specified below.

not later than 9:30am (AEDT) on Monday 25 October 2021.

Address (hand deliveries): Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnson Street,
Abbotsford, Victoria, 3067

Address (postal deliveries): C/- Computershare Investor Services Pty Limited, GPO Box 242, Melbourne
VIC 3001, Australia

Fax number for lodgement: (within Australia) 1800 783 447
 (outside Australia) +61 3 9473 2555

The Proxy Form has been enclosed. Please read all instructions carefully before completing the Proxy Form.

Bodies Corporate

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at meetings of the Company's Shareholders. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a Resolution. The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

Online Voting

You can lodge your vote online at www.investorvote.com.au

Custodian Voting

Custodians who are subscribers of Intermediary Online, please submit your votes electronically via www.intermediaryonline.com

Entitlement to vote

In accordance with Section 1074E(2)(g)(i) of the Corporations Act and Regulation 7.11.37 of the Corporations Regulations, the Company has determined that for the purposes of the meeting all shares will be taken to be held by the persons who held them as registered Shareholders at 9:30am (AEDT) on Monday 25 October

2021. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Voting using the Online Platform during the Meeting

Due to the virtual nature of the event, Computershare will facilitate voting during the meeting from your smartphone, tablet or computer. If you wish to cast your vote during the meeting, follow the steps below to register your interest as soon as possible:

Step 1: Visit <https://web.lumiagm.com/332865052> on your desktop or mobile device

Step 2: Enter username (SRN or HIN) and Password (Postcode or Country Code)

Step 3: When the poll is open, the vote icon  will be accessible by selecting the voting icon at the top of your screen.

Step 4: Select your voting option (For/Against/Abstain) for each resolution. A message will appear at the top of the screen indicating the number of resolutions that you have voted on.

Voting will close an hour after the close of the Meeting. At the close of the Meeting, any votes you have placed will automatically be submitted to the Registry.

All Enquiries

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

Voting Intentions

Subject to any voting restrictions and exclusions, the Chairman intends to vote in favour of all Resolutions on the agenda. In respect of undirected proxies, subject to any voting restrictions and exclusions, the Chairman intends to vote in favour of all Resolutions on the agenda.

By order of the Board



Rob Turnbull
Joint Company Secretary
27 September 2021

This Explanatory Memorandum sets out further information regarding the proposed Resolutions to be considered by Shareholders of Adherium Limited (**Adherium** or **the Company**) at the 2021 Annual General Meeting to be held commencing at 9:30am (AEDT) on Wednesday 27 October 2021.

The Directors recommend that Shareholders read this Explanatory Memorandum before determining whether or not to support the Resolutions.

Financial statements and reports

Under Section 317 of the Corporations Act, Adherium is required to lay its Annual Report, Directors' Report and Remuneration Report before its Shareholders at its Annual General Meeting. The Annual Report is submitted for Shareholders' consideration and discussion at the Annual General Meeting as required. Meeting attendees are invited to direct questions to the Chairman in respect of any aspect of the report they wish to discuss.

Representatives of Adherium's auditor, PricewaterhouseCoopers (**PwC**), will be present for discussion purposes on matters of relevance to the audit.

1. Resolution 1 – Adoption of Remuneration Report

Board recommendation and undirected proxies. 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.

Resolution 1 provides Shareholders the opportunity to vote on Adherium's Remuneration Report. The Remuneration Report is contained within the Directors' Report in the Annual Report. Under Section 250R(2) of the Corporations Act, the Company must put the adoption of its remuneration report to a vote at its Annual General Meeting.

This vote is advisory only and does not bind the Directors or the Company. However, under the Corporations Act:

- (a) if at least 25% of the votes cast at any annual general meeting (**AGM**) on a resolution to adopt the remuneration report are cast against the adoption of the remuneration report ("first Strike"), the Company's subsequent remuneration report must include an explanation of the Board's proposed action in response to the "no vote" or an explanation of why no action has been taken; and
- (b) if at the following AGM the Company's remuneration report also receives a "no vote" of at least 25% of the votes cast ("second strike"), then Shareholders will be asked to vote at that following AGM on whether or not the Company is to hold another general Shareholder's meeting (within the following 90 days) to vote on a "spill resolution" under section 250V of the Corporations Act.

As set out in the Notice of Meeting, Key Management Personnel (including Directors) and their closely related parties must not cast a vote on the Remuneration Report, unless as holders of directed proxies for Shareholders eligible to vote on Resolution 1.

2. Resolution 2 – Election of Mr George Baran as a Director

Board recommendation and undirected proxies. The Board (with the exception of Mr Baran due to his interest in the outcome) recommends that Shareholders vote in **FAVOUR** of Resolution 2. The Chairman of the Meeting intends to vote undirected proxies in **FAVOUR** of Resolution 2.

In accordance with clause 13.3(b) of the Company's Constitution and ASX Listing Rule 14.4, Mr Baran who is due to retire, is eligible for re-election and has submitted himself for re-election at this Meeting.

Resolution 2 provides for the election of Mr Baran as Director of the Company.

Mr Baran, MBA, age 61, was appointed to the Board on 13 May 2021. In accordance with clause 13.1(d) of the Company's Constitution and ASX Listing Rule 14.4, Mr Baran only holds office until the end of the next annual general meeting following his appointment. Mr Baran retires as a director, is eligible for election and has submitted himself for election at this Meeting.

Mr Baran has over 35 years of experience in the medical device industry and serves as Executive Chair of the Trudell Medical Limited Board of Directors as well as being a significant shareholder. In addition to his role at Trudell, Mr Baran is an active investor in and Director of several medical device and e-health / connected care companies including Sensory Technologies, Mozzaz Corporation, and Sky Medical Technology Inc. He was also a lead investor and a former Director of Vanrx Phamasystems, which was recently acquired by Cytiva Life Sciences.

Mr Baran has been responsible for the marketing of new drug delivery technologies to medical opinion leaders and major pharmaceutical companies. This has included collaboration with business and clinical partners in the design and co-ordination of clinical studies. He has also been granted several US and international patents for medical devices for drug delivery and minimally invasive surgery.

Mr Baran holds an MBA from the Richard Ivey School of Business, Western University, London (ON) where he currently serves on the Advisory Board of the Lawrence National Centre for Policy and Management. Mr Baran has not held any other Australian public company directorships in the last three years.

The Company believes Mr Baran's experience noted above is particularly relevant to its current strategy and the markets it operates in, and accordingly the Directors (excluding Mr Baran) unanimously recommend that Shareholders vote in favour of Resolution 2.

3. Resolution 3 – Ratification of prior issue of Stock Appreciation Rights to Rick Legleiter

As announced to the ASX market on 20 September 2021 the Company on that date (**Issue Date**) issued 148,977,337 Stock Appreciation Rights (**SARs**) to Mr Rick Legleiter, Adherium's CEO (**RL SARs**). The RL SARs were issued under the Company's existing capacity under Listing Rule 7.1. A summary of the terms of the SARs appears in Appendix A.

3.1 ASX Regulatory Requirements

Under Listing Rule 7.1, a company may issue up to 15% of its ordinary share capital in any 12-month rolling period without shareholder approval.

Listing Rule 7.4 permits a company to obtain ratification from its shareholders in relation to a prior security issue, and thereby refresh its ability in the future to issue further securities (equivalent in number to the security issue being ratified by this resolution) without obtaining prior shareholder approval. If Resolution 3 is not approved, the SARs will remain validly issued, but their issue will remain a reduction of the Company's Listing Rule 7.1 15% capacity until the expiration of 12 months from their issue date (unless otherwise ratified prior to that date).

The issue of the RL SARs was within the 15% limitation imposed by ASX Listing Rule 7.1, however the Company is now seeking shareholder ratification and approval for the issue of these RL SARs.

3.2 ASX Listing Rule 7.4

ASX Listing Rule 7.5 requires that the meeting documents concerning a proposed resolution to ratify an issue of securities in accordance with ASX Listing Rule 7.4 must include the following information:

- (a) The names of the allottee or the basis on which the allottees were identified or selected:

The RL SARs were allotted to Mr Rick Legleiter as the Company's Chief Executive Officer.

- (b) The number of securities the entity issued:

A total of 148,977,337 Stock Appreciation Rights SARs were issued which, if exercised, would result in that number of ADR shares which is equal to (i) the difference between the market price at exercise and the base price of 1.6 cents; (ii) divided by the market price - so that the maximum

number of ADR shares would not exceed 148,977,337. A summary of the terms of the SARs appears in Appendix A.

- (c) The date the securities were issued:
20 September 2021.
- (d) The issue price of the securities:
The RL SARs were issued without cost to Mr Legleiter.
- (e) The intended use of the funds raised:
There were no funds raised by the issue of the RL SARs.
- (f) If the securities were issued under an agreement, a summary of the material terms of the agreement
The RL SARs were issued as the 'variable remuneration' component of Mr Legleiter's employment agreement, subject to vesting conditions as detailed in Annexure A. Tranche 1 as detailed in Annexure A has been vested and Tranche 2 also as detailed in Annexure A is still subject to vesting. A summary of Mr Legleiter's employment agreement was announced to the market on 13 May 2021.

3.3 Director's Recommendation

The Directors of the Company unanimously recommend that Shareholders vote in favour of Resolution 3. The Chairman of the Meeting intends to vote undirected proxies in **FAVOUR** of the approval of Resolution 3.

4. Resolution 4 – Approval of additional 10% Placement Facility

Board recommendation and undirected proxies. The Board recommends that Shareholders vote in **FAVOUR** of Resolution 4. The Chairman of the Meeting intends to vote undirected proxies in **FAVOUR** of Resolution 4.

The purpose of this Resolution 4 is to authorise the Company to issue up to a further 10% of its issued share capital (**Placement Securities**) through one or more placements under ASX Listing Rule 7.1A during the 10% Placement Period (as defined below) (**10% Placement Facility**) in addition to and without using the Company's 15% placement capacity under ASX Listing Rule 7.1.

This would effectively provide the Company with a total placement capacity of 25% (less that part of its placement capacity already utilised and not available under ASX Listing Rule 7.1) for a period of up to 12 months from the date of the Company's 2021 AGM meeting (therefore expiring on the earlier of the Company's 2022 AGM or 27 October 2022).

If Resolution 4 is not approved, the Company will not be able to utilise the further 10% capacity which may otherwise be available to it under ASX Listing Rule 7.1A. In those circumstances the Company would be limited in new capital raising to its then capacity under ASX Listing Rule 7.1; any exceptions to that capacity limit under ASX Listing Rule 7.2 or otherwise subject to prior shareholder approval.

An "eligible entity" for the purposes of ASX Listing Rule 7.1A is an entity that (as at the date of the annual general meeting):

- is not included in the S&P / ASX 300 Index; and
- has a market capitalisation of \$300 million or less.

As at the date of this Notice of Meeting, the Company is an "eligible entity" for the purposes of ASX Listing Rule 7.1A.

Placement Securities issued must be in the same class as an existing quoted class of equity securities of the Company. The Company, as at the date of this Notice of Meeting has on issue one class of equity securities, namely fully paid ordinary shares (ASX Code: ADR).

The Company is seeking Shareholder approval by this special resolution to have the ability to issue Placement Securities. The exact number of Placement Securities that could be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and described below.

ASX Listing Rule 7.1A.2 provides that eligible entities that have obtained Shareholder approval at an annual general meeting under ASX Listing Rule 7.1A may issue, or agree to issue, during the 12-month period after the date of the annual general meeting, up to the number of equity securities (i.e. Placement Securities) calculated in accordance with the following formula:

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

A = The number of fully paid shares on issue 12 months before the date of issue or agreement to issue:

- plus the number of fully paid shares issued in the 12 months under an exception in ASX Listing Rule 7.2 other than exception 9, 16 or 17;

- plus the number of fully paid ordinary securities issued in the relevant period on the conversion of convertible securities within Listing 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 Listing Rule 7.1 or Listing Rule 7.4,

- plus the number of fully paid ordinary securities issued in the relevant period under an agreement to issue securities within Listing 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 Listing Rule 7.1 or Listing Rule 7.4,

- plus the number of partly paid shares that became fully paid in the 12 months;

- plus the number of fully paid shares issued in the 12 months with approval of shareholders under ASX Listing Rules 7.1 or 7.4; and

- less the number of fully paid shares cancelled in the 12 months.

D = 10%.

E = 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 shareholders under ASX Listing Rules 7.1 or 7.4.

Specific disclosures required by ASX Listing Rule 7.3A

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

a. Issue Price: In accordance with the ASX Listing Rule 7.1A.3, Placement Securities (if any) will be issued for *cash* at an issue price per security of not less than 75% of the volume weighted average market price of the Company's equity securities in that class 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; or
- ii. if the securities are not issued within 10 trading days of the date mentioned in paragraph (i) above, the date on which the securities are issued.

b. Risk of Economic and Voting Dilution: If Resolution 4 is approved by Shareholders and the Company issues Shares under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted.

Shareholders should be aware that there is a risk that:

- the market price for the Company's equity securities in that class may be significantly lower on the date of the issue of the Placement Securities than on the date of the approval under Listing Rule 7.1A (being the date of the Annual General Meeting); and
- the Placement 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 Placement Securities.

The table below is included for illustrative purposes only and shows the dilution of existing Shareholders on the basis of the closing market price of shares as at 20 September 2021 and the current number of ordinary securities for variable "A" calculated in accordance with the formula in ASX Listing Rule 7.1A.2 as at the date of this Notice of Meeting.

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

Number of Shares on issue*	Number of Shares that may be issued under 10% Placement Facility	Dilution		
		Funds raised based on issue price of \$0.008 (50% decrease in issue price of \$0.016)	Funds raised based on issue price of \$0.016 (issue price)	Funds raised based on issue price of \$0.024 (50% increase in issue price of \$0.016)
2,128,247,652	212,824,765	\$1,702,598	\$3,405,196	\$5,107,794
3,192,371,478 (50% increase)	319,237,147	\$2,553,897	\$5,107,794	\$7,661,692
4,256,495,304 (100% increase)	425,649,530	\$3,405,196	\$6,810,392	\$10,215,589

* The number of shares on issue (variable "A" in the formula) could increase as a result of the issue of shares that do not require Shareholder approval under ASX Listing Rule 7.1 or that are issued with Shareholder approval under ASX Listing Rule 7.1.

Table 1 has been prepared on the following assumptions:

- the current shares on issue are the shares on issue as at the date of this Explanatory Memorandum;
- the current issue price set out above is the closing price of the shares on the ASX on 20 September 2021;
- the Company issues the maximum number of Placement Securities available under the 10% Placement Facility; and
- no options are exercised into shares before the date of the issue of the Placement Securities under the 10% Placement Facility.

c. Issue date

The Company will only issue Placement Securities during the 10% Placement Period (as defined below).

Shareholder approval under ASX Listing Rule 7.1A is valid from the date of Shareholder approval until the earliest of:

- the time and date of the Company's 2022 AGM;
- the date that is 12 months after the date of approval of this Resolution under ASX Listing Rule 7.1A;; or
- the date the Company obtains Shareholder approval for a transaction under ASX Listing Rule 11.1.2 (significant change to nature or scale of activities) or ASX Listing Rule 11.2 (disposal of main undertaking),

("10% Placement Period").

d. Purpose of Issue

The Company may use the funds raised (without limitation):

- to advance initiatives in the commercialisation of the Company's technology in accordance with its business plan; or
- for general working capital purposes.

There are no current proposals to utilise the 10% Placement Facility. Should any specific proposals be approved by the Board, the Company will announce same to ASX as required by its continuous disclosure obligations.

e. Allocation Policy

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A.4 and 3.10.5A upon issue of any Placement Securities using the 10% Placement Facility. The Company's allocation policy will be dependent on the prevailing market conditions at the time of any proposed issue. The identity of the allottees of Placement Securities will be determined on a case-by-case basis having regard to a range of factors, including but not limited to, the following:

- the methods for raising funds that are available to the Company, including but not limited to, a rights issue and other fundraising structures in which existing security holders can participate;
- the effect of the issue of the Shares on the control of the Company;
- the financial situation and solvency of the Company; and
- advice from corporate, financial and broking advisers (if applicable).

Any proposed allottees under the 10% Placement Facility have not been determined as at the date of this Notice of Meeting and so the Company will not be excluding any shareholders from voting with respect to this Resolution 4.

f. Previous Approval under ASX Listing Rule 7.1A

The number of equity securities issued under Listing Rule 7.1A.2 in the 12 months preceding the date of this Meeting is set out in the below table:

Type of Equity Security	Number	% of Number on issue at start of 12-month period
Ordinary shares	67,959,601	10.0%

The following are the details of all issues of equity securities by the Company during the 12 months preceding the date of this Meeting utilising the capacity available under Listing Rule 7.1A are provided pursuant to Listing Rule 7.3A.6:

Date	Number of equity securities issued	Shareholder	Purpose of issue	Price issued including discount to market price	Issued for cash or non cash?
24 March 2021	23,639,122 shares	FIL Limited	Placement	\$0.015	Issued for cash
24 March 2021	44,320,479 shares	Regal Funds Management Pty Ltd	Placement	\$0.015	Issued for cash
Total	67,959,601 shares				

The 67,959,601 shares, when issued, represented 10.0% of the total number of equity securities on issue as at 26 October 2020. The issue price represented a 21.1% discount to the closing market price on the day the Company decided to issue the shares (being 18 March 2021). The \$1.019 million (approximate) raised, was used to fund the Company's research and development programme and working capital in the period to 30 June 2021.

5. Resolution 5 – Approval of Employee Share Plans

Board recommendation and undirected proxies: The Directors abstain from making a recommendation on Resolution 5 as they are eligible to participate in the Employee Share Plans and therefore have a potential personal interest in the matter. The Chairman intends to vote undirected proxies in FAVOUR of Resolution 5.

The Company has previously adopted the Employee Share Plans (**Plans**), comprising the New Zealand Employee Share Plan for New Zealand residents and the Australian Employee Share Plan for non-New Zealand residents to foster an ownership culture within the Company and to motivate senior management and Directors to achieve performance targets of the Company. The terms of the Plans were disclosed in the Company's IPO prospectus dated 3 August 2015 and last approved by Shareholders on 20 November 2018.

5.1 ASX Listing Rules

Listing Rule 7.1 requires shareholder approval for an issue of equity securities if, over a rolling 12-month period, the amount of equity securities issued (without prior shareholder approval) is more than 15% of the number of ordinary shares on issue at the start of that 12-month period.

Listing Rule 7.2 Exception 13 provides that an issue of securities under an employee incentive scheme does not detract from the available 15% limit under Listing Rule 7.1 if the issue of securities is made under an employee incentive scheme and that employee incentive scheme was approved by shareholders no more than three years before the date of issue of the securities. The Plans are regarded as an employee incentive scheme for the purposes of Listing Rule 7.2.

The Company intends that any issue of shares under the Plans does not detract from the Company's Listing Rule 7.1 15% entitlement. Accordingly, the Company is seeking Shareholder approval of the Plans in order for the Company to be able to issue shares pursuant to the Plans and have those shares qualify under Exception 13 to Listing Rule 7.2.

5.2 Information required for Listing Rule 7.2 Exception 13(b)

As required by the provisions of Listing Rule 7.2, Exception 13(b):

Terms of Employee Share Plan

The Plans are administered by the Board. Pursuant to the rules of the Plans, the Board may determine, amongst other things:

- (a) the participants (which includes all Directors) who are eligible to participate in the Plans and purchase Shares under the Plans (**Plan Shares**) from time to time;
- (b) the price of the Plan Shares and if a loan to acquire the Plan Shares will be provided by the Company to the participant for the purposes of acquiring the Plan Shares (**Plan Loan**);
- (c) the terms of the Plan Loan (including the loan agreement required to be executed by the participant) and any vesting conditions applicable to the Plan Shares; and
- (d) whether or not the Plan Loan will be secured or unsecured.

Under the Australian Employee Share Plan legal title to the Plan Shares will be held by the participant. Under the New Zealand Employee Share Plan the legal title to the Plan Shares may be held by a trustee on behalf of the participant pending the satisfaction of vesting conditions. While the legal title to the Plan Shares may be held by the trustee, the participant will be able to exercise voting rights attaching to the Plan Shares, however they will have no right to call for the legal interest in the Plan Shares until vesting conditions are met.

Key Terms of the Plan Loans

The key terms of each Plan Loan provided under the Plans are as follows:

- (e) the Plan Loan is a limited recourse loan, such that on the Repayment Date (defined below) the repayment obligation under the Plan Loan will be limited to the lesser of:
 - (i) the outstanding balance of the Plan Loan; and
 - (ii) the market value of the Plan Shares on that date.

The participant may elect for the Loan Shares to be provided to the Company in full satisfaction of the outstanding balance of the Plan Loan, in which case the Company must accept the Plan Shares as full settlement of the repayment obligation under the Plan Loan;

- (f) the Plan Loan may only be applied towards the subscription price for the Plan Shares;
- (g) the Plan Loan will be interest free unless default;
- (h) by signing and returning a loan application, the participant acknowledges and agrees that the Plan Shares will not be transferred, encumbered, otherwise disposed of, or have a security interest granted over it (other than in favour of the Company), by or on behalf of that participant until the Plan Loan is repaid in full to the Company;
- (i) the loan becomes repayable on (**Repayment Date**) the earliest of:
 - (i) at the Board's discretion on award, between 5 and 7 years from the date on which the loan is advanced to the participant;
 - (ii) subject to paragraph (iii) following and the Board's discretion, 90 days after the date of the participant's cessation of employment or engagement by the Company; or
 - (iii) six months after the participant ceases to be an employee of the Company due to their death or total and permanent disability (with repayment by the participant or the legal personal representative of the deceased participant);
- (j) notwithstanding paragraph (e) above, the participant may repay all or part of the Plan Loan at any time before the Repayment Date.

Rights attaching to Plan Shares

The Plan Shares will rank equally with all other fully paid ordinary Shares on issue in the capital of the Company. Holders of Plan Shares will be entitled to exercise all voting rights attaching to the Shares in

accordance with the Company's Constitution. In addition, holders of Plan Shares will be entitled to participate in dividends declared and paid by the Company in accordance with the Company's Constitution.

The Plan Shares may only be sold by a participant where vesting conditions have been satisfied and the Plan Loan, or any unpaid part of it, has been repaid in full (any dealing by the participant in the Plan Shares is otherwise prohibited without the prior written consent of the Company).

Repayment of the Plan Loan

If the Plan Loan becomes due and payable under the loan agreement and the participant has not repaid the amount of the loan in full within 21 days of the due date, then the participant will forfeit their interest in the Plan Shares as full consideration for the repayment of the outstanding loan balance and the Company may either (at its election) take such action in the participant's name (under a power of attorney) or direct that the participant take such action in relation to the Plan Shares as the Company considers appropriate, which may include but is not limited to the Company undertaking a buy-back or cancellation of the Plan Shares or transferring the Plan Shares.

Number of securities issued pursuant to the Plans

In the period from the date of the last approval by shareholders of the Plans at the 2018 AGM to the date of this Notice, there have been a total of 43,488,311 Plan Shares issued under the Plans, 14,047,376 of which have been cancelled pursuant to the terms of the Plans. The maximum number of equity securities that, together with equity securities issued under other employee incentive plans of the Company, such as the Executive Share Option Plan, can be on issue over a 3-year period following approval is equivalent to 15% of the issued share capital of the Company at the time. As at the date of this Notice, that aggregate figure would be an amount up to 319,237,147 securities, but if the issued shares of the Company increase over that 3-year period, that maximum amount that could be issued under all employee incentive plans will increase in the same proportion that the total shares issued increases.

5.3 Corporations Act

Section 259B(2) permits a Company to take security over its own shares issued pursuant to an employee share scheme under certain conditions, including where prior shareholder approval of the employee share scheme has been obtained. Accordingly, the Company is seeking Shareholder approval under Resolution 5 in respect of the operation of section 259B(2) of the Corporations Act, for circumstances where the Company elects to provide an employee assistance in the acquisition of shares in itself, such as providing a loan for the payment of the purchase price of a Share to be issued under the Plans.

Section 260A of the Corporations Act allows only limited circumstances under which a company may provide financial assistance for the acquisition of shares in itself without obtaining prior shareholder approval, including the giving of the assistance which does not materially prejudice (i) the interests of the company or its shareholders, or (ii) the company's ability to pay its creditors. The Board is of the view that this exemption is applicable, and at the relevant times will be applicable, to any loans that may be granted for the acquisition of Plan Shares under the Plans. Accordingly, the Company will not be seeking Shareholder approval under Section 260A of the Corporations Act.

6. Resolutions 6 to 11 – Approval of proposed Share issues to Directors in lieu of cash payment of Director's Fees.

6.1 Background

As part of a general costs saving initiative and to align with shareholder interests the Board members agreed to have their Directors Fees from 1 October 2020 paid in Shares instead of cash, where the number of Shares to be issued is calculated by reference to the monthly VWAP of Shares as traded on

the ASX (**Monthly VWAP**) corresponding to the calendar month for which the fees have accrued. The Monthly VWAP for a particular month is the issue price of the Shares to be issued to the Directors.

This agreement by the Directors and the Company was stated to be subject to Shareholder approval. At the Extraordinary General Meeting held 30 April 2021, Shareholders approved the allotment of Shares in lieu of Director's Fees for the period 1 October 2020 to 31 March 2021. These resolutions 6 to 11 being put to Shareholders seek approval to issue Shares in lieu of Director's fees for the period 1 April 2021 to 30 June 2021. No Shares (in lieu of Director's fees) have been issued yet in relation to this latter period.

Upon Shareholder approval, the aggregate notional Share allocations for the months of April 2021 through to June 2021 will be issued.

The Monthly VWAP for each calendar month from April 2021 through to June 2021 are as follows:

Table 6.1

Calendar Month	Issue Price (Monthly VWAP)
April 2021	\$0.01751
May 2021	\$0.01691
June 2021	\$0.01798

Based on the above Monthly VWAP figures, below is a table showing, for the months April 2021 through to June 2021 (inclusive) the Directors, which upon Shareholder Approval, have agreed for their Director's fees to be taken as Shares instead of in cash payments (**Directors Fees Shares**) and the total number of Shares that have accrued for that period for each Director:

Table 6.2:

Resolution	Director	Monthly Director's Fees, to be taken as Shares	Aggregate Directors Fees Shares deferred (not yet issued) for the period April 2021 to June 2021
6	James Ward-Lilley	\$8,333.33	1,432,199
7	Bruce McHarrie	\$4,166.67	716,100
8	William Hunter	\$4,166.67	716,100
9	Jeremy Curnock Cook	\$4,166.67	716,100
10	Matthew McNamara	\$4,166.67	716,100
11	George Baran	\$4,166.67	382,760

For George Baran, accrued Director fees are from his appointment as a director on 13 May 2021.

6.2 Regulatory Requirements

ASX Listing Rule 10.11 provides that a listed company must not, without the approval of ordinary Shareholders, issue equity securities to a related party. A "related party" (as defined in the ASX Listing Rules) includes the Directors of the listed company. If Shareholder approval is received pursuant to this resolution, approval is not required under Listing Rule 7.1.

The Company has not sought shareholder approval under Chapter 2E of the Corporations Act for a 'related party' transaction as the Board believes that the proposed issues to Directors, being at a monthly VWAP price, is on reasonable commercial terms.

Reason for issue

The deferral of Director fees, and for the deferral to be satisfied through the issue of Shares, was implemented as part of a general cash saving and to align with shareholder interests.

Board recommendations

- The Board (except for James Ward-Lilley) unanimously recommends that shareholders vote in favour of Resolution 6.
- The Board (except for Bruce McHarrie) unanimously recommends that shareholders vote in favour of Resolution 7.
- The Board (except for William Hunter) unanimously recommends that shareholders vote in favour of Resolution 8.
- The Board (except for Jeremy Curnock Cook) unanimously recommends that shareholders vote in favour of Resolution 9.
- The Board (except for Matthew McNamara) unanimously recommends that shareholders vote in favour of Resolution 10.
- The Board (except for George Baran) unanimously recommends that shareholders vote in favour of Resolution 11.

6.3 ASX Listing Rules

ASX Listing Rule 10.11 provides that a listed company must not, without the approval of ordinary shareholders, issue equity securities to a related party. A "related party" (as defined in the ASX Listing Rules) includes the directors of the listed company.

ASX Listing Rule 10.13 requires that the notice in relation to a proposed resolution to approve an issue of securities to a related party, include the following information:

- (a) The names of the person to whom the securities will be issued
As listed in Table 6.2 above.
- (b) The maximum number of securities to be issued to the respective Directors
The Director Fees Shares issued for the period April 2021 through to June 2021 will total 4,679,359, as listed in Table 6.2 above. The number of Shares to be issued is calculated by dividing the amount of Directors Fees for a particular month (as shown in Table 6.2) by the monthly volume weighted average price of Shares as traded on the ASX corresponding to that calendar month (as shown in Table 6.1).
- (c) The date by which the entity will issue the securities:
No later than 1 month after the date of this Meeting.
- (d) The issue price of the securities and a statement of the terms of the issue:
For the months April 2021 through to June 2021, the issue prices are as listed in Table 6.1 above.
- (e) The intended use of the funds raised
There will be no funds raised from the issue of the Shares, but there will be a saving on the Company's cash resources in the amount of \$8,333 per month with respect to the Chairman and \$4,167 per month for each other non-executive Director for every month for which the Directors Fees Shares are issued.

The Chairman of the meeting intends to vote undirected proxies in favour of Resolutions 6-11.

6.4 Consequences if Resolutions 6 to 11 are not approved (re ASX Listing Rule 14.1A)

Where Resolutions 6 to 11 are not passed (that is not approved by the requisite majority of shareholders), the Company will not be able to issue shares to its directors in lieu of accrued director fees and those deferred director fees will be immediately payable in cash by the Company.

7. Questions and Comments by Shareholders at the Meeting

In accordance with the Corporations Act, a reasonable opportunity will be given to Shareholders - as a whole - to ask questions or make comments on the management of the Company at the Annual General Meeting.

Similarly, a reasonable opportunity will be given to Shareholders - as a whole - to ask questions to the Company's external Auditor, PricewaterhouseCoopers (**PwC**), relevant to:

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

Shareholders may also submit a written question to PwC if the question is relevant to the content of PwC's audit report or the conduct of its audit of the Company's financial report for the year ended 30 June 2021.

Relevant written questions to PwC must be received by no later than 5:00pm (AEDT) on 22 October 2021. A list of those questions will be made available to Shareholders attending the meeting. PwC will either answer questions at the Meeting or table written answers to them at the meeting. If written answers are tabled at the Meeting, they will be made available to Shareholders as soon as practicable after the Meeting.

Please send written questions for PwC to:

By facsimile - +61 3 9602 4709;

Post to – C/- Mertons Corporate Services Pty Ltd – Level 7, 330 Collins Street, Melbourne VIC 3000

by no later than 5:00pm (AEDT) on 22 October 2021.

Glossary

In this Explanatory Memorandum, and the Notice of Meeting:

Annual General Meeting / AGM means the annual general meeting of the Company to be held at 9:30am AEDT on 27 October 2021 pursuant to the Notice of Meeting.

Annual Report means the Directors' Report (including Remuneration Report), the Financial Report and the Auditor's Report in respect to the financial year ended 30 June 2021.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by the ASX.

ASX Listing Rules or **Listing Rules** means the Listing Rules of the ASX as amended from time to time.

Board means the board of directors of the Company.

Company means **Adherium Limited**.

Constitution means the constitution of the Company.

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 entity.

Explanatory Memorandum means this explanatory memorandum which forms part of the Notice of Meeting.

Key Management Personnel or **KMP** means the key personnel as disclosed in the Remuneration Report.

Meeting means the Annual General Meeting of the Company the subject of this Notice of Meeting scheduled to occur on Wednesday 27 October 2021.

Monthly Average Price means the average of daily closing prices of Shares as traded on the ASX for each calendar month.

Notice of Meeting or **Notice** means this notice of the Annual General Meeting.

Proxy Form means the proxy form accompanying this Notice of Meeting.

Remuneration Report means the remuneration report of the Company for the year ended 30 June 2021 as set out in the Company's Director's Report for the year ended 30 June 2021.

Resolution means the resolutions referred to in the Notice of Meeting.

Shareholder means a holder of a Share.

Share means an ordinary share in the capital of the Company.

Annexure A - Summary of SARs Agreement

The Company and Mr Rick Legleiter (Adherium's Chief Executive Officer) have entered into an agreement to provide an equity incentive to Mr Legleiter in the nature of an award of two tranches of Stock Appreciation Rights ("**SARs**") to Mr Legleiter having the following rights:

- **Tranche One:** 69,168,049 SARs vesting immediately;
- **Tranche Two:**
 - 26,603,096 SARs vesting on the first anniversary of the date of the SARs Agreement subject to Mr Legleiter being employed by Adherium and the Adherium share VWAP in that 12 months equalling or exceeding \$0.032;
 - 26,603,096 SARs vesting on the on the second anniversary of the date of the SARs Agreement subject to Mr Legleiter being employed by Adherium and the Adherium share VWAP in that 24 months equalling or exceeding \$0.064;
 - 26,603,096 SARs vesting on the on the third anniversary of the date of the SARs Agreement subject to Mr Legleiter being employed by Adherium and the Adherium share VWAP in that 36 months equalling or exceeding \$0.096.
- **Vesting conditions** (subject to acceleration for a Triggering Event (outlined below):
 - Tranche 1 vest immediately
 - Tranche 2, the tenure and the VWAP hurdle for the relevant vesting date is achieved.
- On the occurrence of a '**Triggering Event**' all unvested SARs will automatically vest - where (a) a person acquires voting power (within the meaning of section 610 of the Corporations Act) in more than 50% of the Shares in the Company, (b) an order of the Court made for the purposes of section 411(4)(b) of the Corporations Act, in connection with a members' scheme of arrangement to effect a change of Control of the Company, is lodged with ASIC under section 411(10) of the Corporations Act, (c) a binding agreement with a third party is entered by the Company to sell substantially all of the Company's assets and all pre-conditions under that agreement and all regulatory and shareholder approvals for that sale are satisfied or obtained.
- **Exercise:** Upon exercise of the SARs, in whole or in part, Mr Legleiter shall be entitled to receive from the Company that number of Adherium Shares equal to (i) the Fair Market Value, (on the date of exercise) minus the Base Price, (ii) divided by the Fair Market Value and then multiplied by the number of SARs being exercised, where -
 - **Fair Market Value** means the volume weighted average market price for the Shares calculated over the 20 consecutive trading days on which trades in the Shares were recorded (on the ASX) immediately prior to the relevant date of service of the notice of exercise of the SARs
 - **Base Price** is \$0.016.
- **Restrictions on Disposals:** Other than in respect of a 'Triggering Event', the Shares acquired by Mr Legleiter on exercise of the SARs cannot be sold by Mr Legleiter until at least 18 months from Grant Date for Tranche One, and six months elapses from the Exercise Date for Tranche Two, except in case of death or disability.
- **Expiry Date:** SARs shall not be exercisable in any event after the expiration of 10 years from the Date of Grant.
- **Reconstruction:** The number of SARs shall be proportionally adjusted for any increase or decrease in the number of issued shares resulting from a share split, reverse share split, share dividend, or reclassification of the shares, or any other increase or decrease in the number of issued shares effected without receipt of consideration by the Company.



Adherium Limited
ABN 24 605 352 510

Need assistance?



Phone:
1300 850 505 (within Australia)
+61 3 9415 5000 (outside Australia)



Online:
www.investorcentre.com/contact

ADR

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



Adherium Limited Annual General Meeting

The Adherium Limited Annual General Meeting will be held on Wednesday, 27 October 2021 at 9:30am (AEDT). You are encouraged to participate in the meeting using the following options:



MAKE YOUR VOTE COUNT

To lodge a proxy, access the Notice of Meeting and other meeting documentation visit www.investorvote.com.au and use the below information:



Control Number: 999999

SRN/HIN: I9999999999

PIN: 99999

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

For your proxy appointment to be effective it must be received by 9:30am (AEDT) on Monday, 25 October 2021.



ATTENDING THE MEETING VIRTUALLY

To view the live webcast and ask questions on the day of the meeting you will need to visit - https://us06web.zoom.us/webinar/register/WN_ukffpWO9Qu-PnlGyX7sEQ

To vote online during the meeting you will need to visit web.lumiagm.com/332865052

For instructions refer to the online user guide www.computershare.com.au/onlinevotingguide



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 **Online:**
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YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **9:30am (AEDT) on Monday, 25 October 2021.**

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.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com/au and select "Printable Forms".

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
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 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 Adherium 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 Adherium Limited to be held as a virtual meeting on Wednesday, 27 October 2021 at 9:30am (AEDT) 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, 3, 5 to 11 (except where I/we have indicated a different voting intention in step 2) even though Items 1, 3, 5 to 11 is 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, 3, 5 to 11 by marking the appropriate box in step 2.

Step 2 Item 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		For	Against	Abstain
1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
3	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
6	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
7	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
8	<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 Securityholder 2 Securityholder 3 / /
 Sole Director & Sole Company Secretary Director 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

ADR

2 8 0 6 3 5 A



Computershare

