

InhaleRx Limited

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InhaleRx Limited

Notice of 2021 Annual General Meeting

Explanatory Statement | Proxy Form

31st May 2022

3.00pm (AEST)

Address

Virtual Meeting (accessible online)

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Contents

Venue and Voting Information	2
Notice of Annual General Meeting – Agenda and Resolutions	5
Notice of Annual General Meeting – Explanatory Statement	12
Glossary	26
Annexure A – Summary of InhaleRx Limited Incentive Entitlements Plan Rules	Attached
Proxy Form	Attached

Important Information for Shareholders about the Company's 2021 AGM

Given the uncertainty surrounding the COVID-19 pandemic, by the time this Notice is received by Shareholders, circumstances may have changed, however, this Notice is given based on circumstances as at 28th April 2022.

Accordingly, should circumstances change, the Company will make an announcement on the ASX market announcements platform and on the Company's website at <https://inhalerx.com.au/>. Shareholders are urged to monitor the ASX announcements platform and the Company's website.

Given the significant health concerns attributed to the COVID-19 pandemic, in addition to guidelines and restrictions issued by Australian state and federal governments, the Company considers that it is appropriate to hold the 2021 AGM as a virtual meeting, in a manner that is consistent with the Treasury Laws Amendment (2021 Measures No. 1) Act 2021.

Venue and Voting Information

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 3.00pm (AEST) on 31st May 2022 as a **virtual meeting**.

The company is pleased to provide shareholders with the opportunity to attend and participate in a virtual Meeting through an online meeting platform powered by Automic.

Shareholders that have an existing account with Automic will be able to watch, listen, and vote online.

Shareholders who do not have an account with Automic are strongly encouraged to register for an account **as soon as possible and well in advance of the Meeting** to avoid any delays on the day of the Meeting. An account can be created via the following link investor.automic.com.au and then clicking on “**register**” and following the prompts. Shareholders will require their holder number (Securityholder Reference Number (SRN) or Holder Identification Number (HIN)) to create an account with Automic.

To access the virtual meeting on the day:

1. Open your internet browser and go to investor.automic.com.au
2. Login with your username and password or click “**register**” if you haven't already created an account. **Shareholders are encouraged to create an account prior to the start of the meeting to ensure there is no delay in attending the virtual meeting**

3. After logging in, a banner will display at the bottom of your screen to indicate that the meeting is open for registration, click on **"Register"** when this appears. Alternatively, click on **"Meetings"** on the left-hand menu bar to access registration.
4. Click on **"Register"** and follow the steps
5. Click on the URL to join the webcast where you can view and listen to the virtual meeting. Note that the webcast will open in a separate window.

Shareholders will be able to vote (see the "Voting virtually at the Meeting" section of this Notice of Meeting below) and ask questions at the virtual meeting.

Shareholders are also encouraged to submit questions in advance of the Meeting to the Company.

Questions must be submitted in writing to Nova Taylor, Company Secretary at nova.taylor@automicgroup.com.au at least 48 hours before the AGM.

The Company will also provide Shareholders with the opportunity to ask questions during the Meeting in respect to the formal items of business as well as general questions in respect to the Company and its business.

Your vote is important

The business of the Annual General Meeting affects your shareholding and your vote is important.

Voting virtually at the Meeting

Shareholders who wish to vote virtually on the day of the AGM can do so through the online meeting platform powered by Automic.

Once the Chair of the Meeting has declared the poll open for voting click on "Refresh" within the platform to be taken to the voting screen.

Select your voting direction and click "confirm" to submit your vote. Note that you cannot amend your vote after it has been submitted

For further information on the live voting process please see the **Registration and Voting Guide** at <https://www.automicgroup.com.au/virtual-agms/>

Voting by proxy

To vote by proxy, please use one of the following methods:

Online	Lodge the Proxy Form online at https://investor.automic.com.au/#/loginsah by following the instructions: Login to the Automic website using the holding details as shown on the Proxy Form. Click on 'View Meetings' – 'Vote'. To use the online lodgement facility, Shareholders will need their holder number (Securityholder Reference Number (SRN) or Holder Identification Number (HIN)) as shown on the front of the Proxy Form. For further information on the online proxy lodgement process please see the Online Proxy Lodgement Guide at https://www.automicgroup.com.au/virtual-agms/
By post	Automic, GPO Box 5193, Sydney NSW 2001
By hand	Automic, Level 5, 126 Phillip Street, Sydney NSW 2000

Your Proxy instruction must be received not later than 48 hours before the commencement of the Meeting. **Proxy Forms received later than this time will be invalid.**

Power of Attorney

If the proxy form is signed under a power of attorney on behalf of a shareholder, then the attorney must make sure that either the original power of attorney or a certified copy is sent with the proxy form, unless the power of attorney has already provided it to the Share Registry.

Corporate Representatives

If a representative of a corporate shareholder or a corporate proxy will be attending the Meeting, the representative should provide the Share Registry with adequate evidence of their appointment, unless this has previously been provided to the Share Registry.

Notice of Annual General Meeting

Notice is hereby given that an Annual General Meeting of Shareholders of InhaleRx Limited ACN 611 845 820 will be held at 3.00pm (AEST) on Tuesday, 31st May 2022 as a **virtual meeting (Meeting)**.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form forms part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 3.00pm (AEST) on Sunday, 29th May 2022.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

Agenda

Ordinary business

Financial statements and reports

"To receive and to consider the Annual Financial Report of the Company for the financial year ended 31 December 2021 together with the declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report for that financial year."

Note: This item of ordinary business is **for discussion only and is not a resolution**.

Pursuant to the Corporations Act, Shareholders will be given a reasonable opportunity at the Meeting to ask questions about, or make comments in relation to, each of the aforementioned reports during consideration of these items.

Resolutions

Remuneration Report

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 and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company’s Annual Financial Report for the financial year ended 31 December 2021.”

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

Voting Exclusion Statement: In accordance with the Corporations Act, the Company will disregard any votes cast on Resolution 1 by or on behalf of a member of the Company’s key management personnel (including the Directors), whose remuneration details are included in the Remuneration Report (**KMP**), or any of that person’s Closely Related Parties (such as close family members and any controlled companies of those persons) (collectively referred to as Restricted Voter). However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on Resolution 1; and
- (b) it is not cast on behalf of a Restricted Voter.

If you appoint the person chairing the Meeting (**Chair**) and you are not a Restricted Voter, by submitting the Proxy Form you authorise the person chairing the Meeting to exercise the proxy even though Resolution 1 is connected directly or indirectly with the remuneration of a KMP, and you will be taken to have directed the Chair to vote in accordance with his or her stated intention to vote in favour of Resolution 1. If you do not want your vote exercised in favour of Resolution 1, you should direct the person chairing the Meeting to vote “against”, or to abstain from voting on, this Resolution.

Re-election of Directors

Resolution 2 – Re-election of Dr Andrew Saich as Director

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

“That Dr Andrew Saich, a Director who retires by rotation in accordance with clause 104.2 of the Company’s Constitution and ASX Listing Rule 14.4, and being eligible offers himself for re-election as a Director of the Company, effective immediately.”

ASX Listing Rule 7.1A (Additional 10% Capacity)

Resolution 3 – ASX Listing Rule 7.1A Approval of Future Issue of Securities

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

“That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, the Shareholders approve the issue of equity securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting.”

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

- (a) a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- (b) an Associate of that person or those persons.

However, this does not apply to a vote cast in favour of Resolution 3 by:

- (i) 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
- (ii) 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
- (iii) 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.

Adoption of the InhaleRx Limited Incentive Entitlements Plan

Resolution 4 – Adoption of the InhaleRx Limited Incentive Entitlements Plan

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

“That for the purposes of Exception 13(b) of Listing Rule 7.2 of the ASX listing Rules and for all other purposes, the Company be authorised to issue securities under the InhaleRx Limited Incentive Entitlements Plan (the terms of which are summarised in the Explanatory Statement which accompanies and forms part of this Notice of Meeting) as an exception to Listing Rule 7.1.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of:

- (a) a person who is eligible to participate in the InhaleRx Limited Incentive Entitlements Plan; or
- (b) an Associate of that person or those persons.

However, this does not apply to a vote cast in favour of Resolution 4 by:

- (i) 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
- (ii) 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
- (iii) 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.

Voting Prohibition Statement: In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 4 if:

- (a) the proxy is either:
 - (i) a member of the Company's Key Management Personnel; or
 - (ii) a closely related party of a member of the Company's Key Management Personnel; and
- (b) the appointment does not specify the way the proxy is to vote on the resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair of the Meeting; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Company's Key Management Personnel.

Issue of Incentive Securities under InhaleRx Limited Incentive Entitlements Plan

Resolution 5 – Approval of Issue of Incentive Securities to Mr Darryl Davies, *Executive Director of the Company*

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

“That subject to Resolution 4 being passed, in accordance with the provisions of ASX Listing Rule 10.14 and for all other purposes, the Company be authorised to issue, pursuant to the InhaleRx Limited Incentive Entitlements Plan, 2 million Options to subscribe for Shares, exercisable at \$0.20 as from the second anniversary of their grant, and expiring on the fourth anniversary of their grant, to Mr. Darryl Davies, being an Executive Director of the Company (or his nominee), and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting.”

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

- (a) a person referred to in rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the InhaleRx Limited Incentive Entitlements Plan; or
- (b) an Associate of that person or those persons.

However, this does not apply to a vote cast in favour of Resolution 5 by:

- (i) 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
- (ii) 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
- (iii) 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.

Voting Prohibition Statement: In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 5 if:

- (a) the proxy is either:
 - (i) a member of the Company's Key Management Personnel; or
 - (ii) a closely related party of a member of the Company's Key Management Personnel;and
- (b) the appointment does not specify the way the proxy is to vote on the resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair of the Meeting; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Company's Key Management Personnel.

Resolution 6 – Approval of Issue of Incentive Securities to Mr Sean Williams, Non Executive Director of the Company

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

“That subject to Resolution 4 being passed, in accordance with the provisions of ASX Listing Rule 10.14 and for all other purposes, the Company be authorised to issue, pursuant to the InhaleRx Limited Incentive Entitlements Plan, 2 million Options to subscribe for Shares exercisable at \$0.20 as from the second anniversary of their grant, and expiring on the fourth anniversary of their grant, to Mr. Sean Williams, being a Non Executive Director of the Company (or his nominee), and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 6 by or on behalf of:

- (a) a person referred to in rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the InhaleRx Limited Incentive Entitlements Plan; or
- (b) an Associate of that person or those persons.

However, this does not apply to a vote cast in favour of Resolution 6 by:

- (i) 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
- (ii) 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
- (iii) 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.

Voting Prohibition Statement: In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 6 if:

- (a) the proxy is either:
 - (i) a member of the Company's Key Management Personnel; or
 - (ii) a closely related party of a member of the Company's Key Management Personnel;and
- (b) the appointment does not specify the way the proxy is to vote on the resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair of the Meeting; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Company's Key Management Personnel.

Other Company Changes

Resolution 7 – Approval to amend the Constitution

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

“That, for the purposes of section 136 of the Corporations Act and for all other purposes, approval is given that the constitution of the Company is amended in the manner set out in the Explanatory Statement, with effect from the conclusion of the meeting”

BY ORDER OF THE BOARD

Nova Taylor

Company Secretary

Explanatory Statement

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held 3.00pm (AEST) on Tuesday, 31st May 2022 as a **virtual meeting**.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

If you are in any doubt about what to do in relation to the Resolutions contemplated in the Notice of Meeting and this Explanatory Statement, it is recommended that you seek advice from an accountant, solicitor or other professional advisor.

Full details of the business to be considered at the Annual General Meeting are set out below.

Agenda

Ordinary business

Financial statements and reports

In accordance with the Constitution and the Corporations Act, the business of the Annual General Meeting will include receipt and consideration of the Annual Financial Report of the Company for the financial year ended 31 December 2021 together with the declaration of the Directors, the Director's Report, the Remuneration Report and the Auditor's Report.

In accordance with the amendments to the Corporations Act, the Company is no longer required to provide a hard copy of the Company's Annual Financial Report to Shareholders unless a Shareholder has specifically elected to receive a printed copy.

Whilst the Company will not provide a hard copy of the Company's Annual Financial Report unless specifically requested to do so, Shareholders may view the Company Annual Financial Report on its website at <https://inhalerx.com.au/>.

No resolution is required for this item, but Shareholders will be given the opportunity to ask questions and to make comments on the management and performance of the Company.

The Company's auditor will be present at the Meeting. During the discussion of this item, the auditor will be available to answer questions on the:

- Conduct of the audit;
- Preparation and content of the Auditor's Report;
- Accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- Independence of the auditor in relation to the conduct of the audit.

Written questions of the auditor

If you would like to submit a written question about the content of the Auditor's Report or the conduct of the audit of the Annual Financial Report of the Company's auditor, please send your question to the Company Secretary. A list of qualifying questions will be made available at the Meeting.

Please note that all written questions must be received at least five business days before the Meeting, which is by Tuesday, 24th May 2022.

Resolutions

Remuneration Report

Resolution 1 – Adoption of Remuneration Report

In accordance with section 250R(2) of the Corporations Act, the Company is required to present to its Shareholders the Remuneration Report as disclosed in the Company's Annual Financial Report.

The vote on the Resolution is advisory only and does not bind the Directors or the Company. The Remuneration Report is set out in the Company's Annual Financial Report and is also available on the Company's website at <https://inhalerx.com.au/>.

However, if at least 25% of the votes cast are against the adoption of the Remuneration Report at the Meeting (subject of this Notice of Meeting), and then again at the 2022 Annual General Meeting (**2022 AGM**), the Company will be required to put to the vote a resolution (**Spill Resolution**) at the 2022 AGM to approve the calling of a further meeting (**Spill Meeting**). If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the Spill Meeting within 90 days of the 2022 AGM. All of the Directors who were in office when the 2022 Directors' Report was approved, other than the Managing Director, will (if desired) need to stand for re-election at the Spill Meeting.

The Remuneration Report explains the Board's policies in relation to the nature and level of remuneration paid to KMPs (including Directors) and sets out remuneration details, service agreements and the details of any share-based compensation.

Voting

Note that a voting exclusion applies to Resolution 0 in the terms set out in the Notice of Meeting. In particular, the Directors and other Restricted Voters must not vote on this Resolution and must not cast a vote as proxy, unless the appointment gives a direction on how to vote, or the proxy is given to the Chair and you submit the Proxy Form, authorising the Chair to exercise the proxy even though Resolution 0 is connected directly or indirectly with the remuneration of a KMP and that in doing so you will be taken to have directed the Chair to vote in accordance with the Chair's stated intention to vote in favour of Resolution 0.

Shareholders are urged to read carefully the Proxy Form and to provide a direction to the proxy on how to vote on this Resolution.

Re-election of Director

Resolution 2 – Re-election of Dr Andrew Saich as Director

In accordance with clause 104.2(d) of the Company's Constitution Dr Andrew Saich, who was last re-elected as a Director at the Extraordinary General Meeting in September 2021, and being eligible for re-election, offers himself for re-election as a Director of the Company at this AGM.

Andrew is a UK trained physician with a degree in physiology and a degree in medicine from the University of London. After qualification he went on to complete his post-graduate Royal College of Physicians examinations and specialised in Emergency Medicine before joining the pharmaceutical industry over 20 years ago.

Since then, Andrew has worked in both large and small pharmaceutical companies and has extensive experience of international management, medicines commercialisation and pharmaceutical R&D.

Andrew is currently Chief Medical Officer of Return Health, a US based biotech company developing novel psychedelic treatments for patients with dementia and a co-founder of Diligenc.

Capital, a cannabinoid prescription medicines investment group and Diligenc. Pathways, a consultancy comprising senior cannabinoid specialists from the ex-GW Pharmaceuticals team.

In previous roles, Andrew was the European Medical Director responsible for establishing the Intercept Pharmaceuticals international medical and commercial organisation as the company expanded from its New York corporate headquarters into thirteen countries across Europe. In 2016 Andrew created and led the GW Pharmaceuticals International Medical organisation in preparation for the launch of Epidyolex (cannabidiol) for the treatment of rare and debilitating drug-resistant epilepsies. GW Pharmaceuticals (recently acquired by Jazz Pharmaceuticals) was the world leader in the development of cannabinoid medicines and Andrew was a senior member of the international management team, the strategic launch team, the Clinical Development Committee and the Corporate Drug Safety team. Andrew liaised with politicians, governmental organisations and pharmaceutical regulators during his time at GW and lead both the global investigator-initiated studies program and the global compassionate use program. Post GW Pharmaceuticals Andrew became Chief Medical Officer of Senzer Pharmaceuticals with responsibility for a clinical development program utilising inhaled cannabinoids.

Directors' recommendation

The Directors (excluding Dr Saich) recommend that Shareholders vote for this Resolution.

ASX Listing Rule 7.1A

Resolution 3 – ASX Listing Rule 7.1A Approval of Future Issue of Securities

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

Under Listing Rule 7.1A, however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to add an additional 10% capacity.

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 less than the amount prescribed by ASX (currently \$300 million).

As of the date of this Notice of Meeting, the Company has a market capitalisation of approximately \$17.7 million and therefore is an eligible entity. If at the time of the Meeting the Company is no longer an eligible entity this Resolution will be withdrawn.

This Resolution seeks Shareholder approval by way of a special resolution for the Company to have the additional 10% capacity provided for in Listing Rule 7.1A to issue equity securities without Shareholder approval.

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

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

Information Required by ASX Listing Rule 7.3A

The following information is provided to Shareholder for the purposes of Listing Rule 7.3A.

Period for which the approval will be valid

An approval under this 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:

- (a) the date which is 12 months after the date of the annual general meeting at which the approval is obtained;
- (b) the time and date of the entity's next annual general meeting; and
- (c) the time and date on which Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).

Minimum price at which the equity securities may be issued under Listing Rule 7.1A

Any equity securities issued under Listing Rule 7.1A.2 must be an existing quoted class of the Company's equity securities and issued for cash consideration.

The issue price per equity security must not be less than 75% of the volume weighted average market price of the equity securities in that class, calculated over 15 trading days on which trades in that class were recorded immediately before:

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

Purposes for which the funds raised by an issue of equity securities under Listing Rule 7.1A may be used

As noted above, any equity securities issued under Listing Rule 7.1A.2 must be issued for cash consideration. Accordingly, every issue of equity securities under Listing Rule 7.1A.2 will have an accompanying proposed use of funds at the time of issue.

As at the date of this Notice, the Company has not formed an intention to offer any equity securities under Listing Rule 7.1A during the Listing Rule 7.1A mandate period, if Shareholders approve this Resolution. However, if Shareholders approved this Resolution and the Company did raise funds from the issue of equity securities under Listing Rule 7.1A, based on the Company's existing plans, the Company considers that the funds may be used to fund:

1. The current clinical development pathway for inhaled medicinal formulations targeting treatments for Panic Disorder and Chronic Regional Pain Syndrome;
2. The development of additional inhaled medicinal formulations which target the treatment of medical conditions for which there are no or limited existing effective treatments; and
3. Potential acquisitions and due diligence on acquisitions.

Risk of economic and voting dilution to existing ordinary Securityholders

If this Resolution is approved, and the Company issues equity securities under Listing Rule 7.1A, the existing Shareholders' economic and voting power in the Company will be diluted.

There is a risk that:

- (a) the market price for the Company's equity securities in that class may be significantly lower on the issue date than on the date of the approval under Listing Rule 7.1A; and
- (b) the equity securities may be issued at a price that is at a discount (as described above) 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 equity securities under Listing Rule 7.1A.

The table below shows the potential dilution of existing Securityholders on the basis of 3 different assumed issue prices and values for the variable "A" in the formula in rule 7.1A.2:

Variable "A" ASX Listing Rule 7.1A.2		Potential Dilution and Funds Raised		
		\$0.0575 50% decrease in issue price	\$0.115 issue prices ^(b)	\$0.23 100% increase in issue price
"A" is the number of shares on issue, being 168,466,957 Shares^(a)	10% voting dilution^(c)	16,846,695	16,846,695	16,846,695
	Funds raised	\$968,685	\$1,937,370	\$3,874,740
"A" is a 50% increase in shares on issue, being 252,700,435 Shares	10% voting dilution^(c)	25,270,043	25,270,043	25,270,043
	Funds raised	\$1,453,027	\$2,906,055	\$5,812,110
"A" is a 100% increase in shares on issue, being 336,933,914 Shares	10% voting dilution^(c)	33,693,391	33,693,391	33,693,391
	Funds raised	\$1,937,370	\$3,874,740	\$7,749,480

Notes:

- (a) Based on the total number of fully paid ordinary Shares on issue as at 1 April 2022.
- (b) Based on the closing price of the Company's Shares on ASX as at 1 April 2022.
- (c) The table assumes that the Company issues the maximum number of ordinary Shares available to be issued under Listing Rule 7.1A.
- (d) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of issues of equity securities under Listing Rule 7.1A based on that Shareholder's holding at the date of this Explanatory Statement.
- (e) The table shows the effect of an issue of equity securities under Listing Rule 7.1A only, not under the Company's 15% placement capacity under Listing Rule 7.1.

Allocation policy for issues under Listing Rule 7.1A

The Company's allocation policy and the identity of the allottees of equity securities under Listing Rule 7.1A will depend on a number of factors, including:

- (a) the Company's intentions in relation to the possible issue of equity securities (for cash consideration) during the Listing Rule 7.1A mandate period;
- (b) the structure and timeframe of the capital raising opportunities available to the Company and any alternative methods for raising funds that are available to the Company (such as a pro rata offer or an offer under a share purchase plan);
- (c) the potential effect on the control of the Company;
- (d) the Company's financial position and the likely future capital requirements; and
- (e) advice from the Company's corporate or financial advisors.

Based on the Company's historical cashflow reports and capital raising activities in the past 12 months, the Company considers that it may raise funds during the Listing Rule 7.1A mandate period, although this cannot be guaranteed. As of the date of this Notice, no specific intention to issue equity securities in relation to any parties, investors or existing Securityholders have been formed. In addition, no intentions have been formed in relation to the possible number of issues, or the time frame in which the issues could be made. Subject to the requirements of the Listing Rules and the Corporations Act, the Board of Directors reserve the right to determine at the time of any issue of equity securities under Listing Rule 7.1A, the allocation policy that the Company will adopt for that issue.

If and when the determination is made to proceed with an issue of equity securities during the Listing Rule 7.1A mandate period, details regarding the allottees and purposes of issue will be disclosed pursuant to the Company's obligations under Listing Rules 3.10.3 and 7.1A.4.

Offers made under Listing Rule 7.1A may be made to parties (excluding any related parties) including professional and sophisticated investors, existing Shareholders of the Company, clients of Australian Financial Service Licence holders and/or their nominees, or any other person to

whom the Company is able to make an offer of equity securities.

The Company received Shareholder approval under Listing Rule 7.1A at its 30 July 2021 AGM, however, has not issued or agreed to issue equity securities under Listing Rule 7.1A.2 in the 12 months preceding the AGM.

This Resolution is a Special Resolution. For a Special Resolution to be passed, at least 75% of the votes validly cast on the resolution by Shareholders (by number of ordinary shares) must be in favour of this Resolution.

Directors' recommendation

The Board of Directors recommends that Shareholders vote for this Resolution.

Adoption of Incentive Entitlements Plan

Resolution 4 – Adoption of Incentive Entitlements Plan

Background

Shareholder approval is being sought to adopt an employee incentive scheme entitled the “InhaleRx Limited Incentive Entitlements Plan” (**Incentive Plan**) under Resolution 4 of this Notice of Meeting, as an exception to Listing rule 7.1. The Board of the Company wishes to adopt the Incentive Plan, as a means of rewarding its key employees and Directors.

A summary of the key terms of the Incentive Plan is set out in Annexure A (Summary of the InhaleRx Limited Incentive Entitlements Plan Rules), and a copy of the rules of the Incentive Plan is available upon request from the Company.

ASX Listing Rules

Broadly speaking, and subject to a number of exceptions (none of which are relevant here), Listing Rule 7.1 limits the number of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on the issue at the start of that period.

If this Resolution is approved by Shareholders for all purposes under the Corporations Act and the ASX Listing Rules, including ASX Listing Rule 7.2 (exception 13(b)), it will have the effect of enabling the securities issued by the Company under the Incentive Plan to be automatically excluded from the formula to calculate the number of securities which the Company may issue in any 12 month period using Listing Rule 7.1 (15% capacity) during the next three year period.

The Company advises that Shareholder approval for the Incentive Plan has not previously been sought from Shareholders. Accordingly, this would be the first time that the Company has sought Shareholder approval for the Incentive Plan for all purposes, including the purposes of ASX Listing Rule 7.2 (exception 13(b)). If this Resolution is approved by Shareholders, the Company will issue up to a maximum of 6.4 million Options under the Incentive Plan during the three-year period following approval.

If Resolution 4 is not passed, the Company will be able to proceed with the issue of securities under the Incentive Plan to eligible participants, but any issues of equity securities (which will include all of the incentives that may be issued under the Incentive Plan), will reduce the Company's capacity to issue equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the issue of the Shares.

Shareholder loans

The Board may, at its discretion, also determine that the Company will provide limited recourse loans to participants to use to pay the subscription price for the purchase of securities under the Incentive Plan. However, as at the date of this Notice, the Company has not determined what the

terms of such a loan plan would be (the **Company Loan Plan**). Accordingly, the Company is not seeking any specific approval for any aspects of the Company Loan Plan at this point in time.

Participation of Directors

Whilst Directors are eligible to participate under the provisions of the Incentive Plan, no Options (or other securities) will be issued to Directors (or their nominees) unless further specific approval for the issue of those Options is obtained pursuant to the provisions of Listing Rule 10.11. To this end Resolutions 5 and 6, which are subject to the passage of this Resolution 4, seek the approval of Shareholders to issue Options under the Incentive Plan to each of Mr Darryl Davies, an Executive Director of the Company, and Mr Sean Williams a Non Executive Director of the Company.

Due to potential interest in the outcome of this Resolution 4, none of the Directors make any recommendation as to how you should vote on this Ordinary Resolution.

Voting restrictions

There are restrictions on voting on this resolution by Directors and their associates and KMP and their Closely Related Parties. For additional details please refer to the Voting Exclusion Statement in Resolution 4 of the Notice of Meeting. Shareholders should be aware that any undirected proxies given to the Chairman will be cast by the Chairman and counted in favour of the Resolutions the subject of this Meeting, including this Resolution 4, subject to compliance with the Corporations Act.

Issue of Incentive Securities under InhaleRx Limited Incentive Entitlements Plan

Resolution 5 – Approval of Issue of Incentive Securities to Mr Darryl Davies, an *Executive Director of the Company*

Background

Shareholder approval is being sought to adopt an employee incentive scheme entitled “InhaleRx Limited Incentive Entitlements Plan” (**Incentive Plan**) under Resolution 4 of this Notice of Meeting.

The Company seeks to invite Mr Darryl Davies, an Executive Director of the Company, subject to Shareholder approval that is sought under this Resolution, to participate in the Incentive Plan by subscribing to 2 million Options under the Incentive Plan (**Incentive Securities**). A summary of the material terms of the Incentive Securities are as follows:

Type of Incentive Security	Material terms
Options	<ul style="list-style-type: none">• Exercise price of \$0.20 per Option• Vesting period: 2 years from date of issue, subject to Mr Davies’ continuing employment with the Company• Expiry date: 2 years from the end of vesting period subject to Mr Davies’ continuing employment with the Company

Director and Related Party Approvals

ASX Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire securities under an employee incentive scheme unless it obtains the approval of its shareholders:

- a director of the Company;
- an associate of a director of the Company; or
- a person whose relationship with the Company or a person referred to in Listing Rule 10.14.1

or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its shareholders.

As Mr Davies is a Director of the Company, the proposed issue of Incentive Securities constitutes the acquisition of securities under an employee incentive scheme for the purposes of Listing Rule 10.14 and therefore requires the approval of the Company's shareholders under Listing Rule 10.14.

To this end, this Resolution seeks the required Shareholder approval to issue the Incentive Securities to Mr Darryl Davies under and for the purposes of Listing Rule 10.14.

If approval is obtained under Listing Rule 10.14, in accordance with Listing Rule 10.12 (exception 8), separate approval is not required under Listing Rule 10.11.

If this Resolution is passed, the Company will be able to proceed with the proposed issue of Incentive Securities which will incentivise Mr Davies' in his efforts to further develop and implement the Company's strategic plan. The benefits accruing to Mr Davies under the Incentive Plan are directly attributable to and aligned with the growth in shareholder value (as reflected in its share price) resulting from the execution of the strategic plan.

If this Resolution is not passed, the Company will not be able to proceed with the proposed issue and there is a risk that the Company will not be able to retain the services of Mr Davies. Alternatively, the Company may be forced to increase Mr Davies' salary and short-term cash based incentive remuneration in order to adequately compensate and incentivise him.

Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the exceptions to the provisions; or
- (b) Shareholder approval is obtained prior to the giving of the financial benefit.

The proposed issue of Incentive Securities constitutes the giving of a financial benefit.

A "related party" for the purposes of the Corporations Act and the Listing Rules is widely defined and includes a director of a public company, a spouse of a director of a public company or an entity controlled by a director of a public company. The definition of "related party" also includes a person whom there is reasonable grounds to believe will become a "related party" of a public company.

The non-conflicted Directors of the Company (being Mr Sean Williams and Dr Andrew Saich) carefully considered the issue of these Incentive Securities to Mr Darryl Davies, and formed the view that the giving of this financial benefit as part of his remuneration would be reasonable, given the circumstances of the Company, the quantum and terms of the Incentive Securities, and the responsibilities held by Mr Davies in the Company.

Accordingly, the non-conflicted Directors of the Company believe that the issue of these Incentive Securities to Mr Davies falls within the "reasonable remuneration" exception as set out in section 211 of the Corporations Act, and relies on this exception for the purposes of this Resolution. Therefore, the proposed issue of Options to Mr Davies requires Shareholder approval under and for the purposes of Listing Rule 10.11 only.

Information Required by ASX Listing Rule 10.15

The following information in relation to the issue of Incentive Securities to **Mr Davies** is provided to Shareholders for the purposes of ASX Listing Rule 10.15:

- (a) The allottee is Mr Darryl Davies.
- (b) Mr Darryl Davies is a Director of the Company.

- (c) The maximum number of Incentive Securities that may be acquired by Mr Davies is 2 million Options.
- (d) The current total remuneration package received by the relevant Director is \$135,000 (plus superannuation entitlements).
- (e) The material terms of the Incentive Securities are as follows:
 - (i) Exercise price per Option: \$0.20
 - (ii) Vesting period: 2 years from date of issue, subject to continuity of employment
 - (iii) Expiry date: 2 years from the end of the vesting period, subject to continuity of employment

The Company has chosen this type of security because it provides a tax effective form of incentive which preserves the Company's short-term cash reserves (enabling these to be applied in the delivery of the Company's strategic plan) and aligns the interests of the recipient and the shareholders in the long term in growing shareholder value as reflected in an increased share price.

The Incentive Securities will be issued within two months from the date of this Meeting, if approved by Shareholders of the Company.

As at 5th April 2022 a preliminary valuation of the Options using the Black-Scholes model indicated a value of \$0.039 per Option (based on a one day VWAP as at 5 April 2022 (\$0.12)). The value of 2 million Options was therefore \$78,000 in total.

- (f) The material terms of the Incentive Plan are set out in Annexure A of this Notice of Meeting.
- (g) Details of any securities issued under the Incentive Plan will be published in each annual report of the Company relating to a period in which securities have been issued, and that approval for the issue of securities was obtained under ASX Listing Rule 10.14. Any additional persons who become entitled to participate in the Incentive Plan after the resolution was approved and who was not named in the notice of meeting will not participate until approval is obtained under ASX Listing Rule 10.14.

Issue of Incentive Securities under InhaleRx Limited Incentive Entitlements Plan

Resolution 6 – Approval of Issue of Incentive Securities to Mr Sean Williams, a *Non Executive Director of the Company*

Background

Shareholder approval is being sought to adopt an employee incentive scheme entitled "InhaleRx Limited Incentive Entitlements Plan" (**Incentive Plan**) under Resolution 4 of this Notice of Meeting.

The Company seeks to invite Mr Sean Williams, a Non Executive Director of the Company, subject to Shareholder approval that is sought under this Resolution, to participate in the Incentive Plan by subscribing for 2 million Options under the Incentive Plan (**Incentive Securities**). A summary of the material terms of the Incentive Securities are as follows:

Type of Incentive Security	Material terms
Options	<ul style="list-style-type: none"> • Exercise price of \$0.20 per option • Vesting period: 2 years from date of issue, subject to Mr Williams remaining as a Director of the Company • Expiry date: 2 years from the end of vesting period subject to Mr Williams' continuing employment with the Company

Director and Related Party Approvals

ASX Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire securities under an employee incentive scheme unless it obtains the approval of its shareholders:

- (a) a director of the Company;
- (b) an associate of a director of the Company; or
- (c) a person whose relationship with the Company or a person referred to in Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its shareholders.

As Mr Williams is a director of the Company, the proposed issue of Incentive Securities constitutes the acquisition of securities under an employee incentive scheme for the purposes of Listing Rule 10.14 and therefore requires the approval of the Company's shareholders under Listing Rule 10.14.

To this end, this Resolution seeks the required Shareholder approval to issue the Incentive Securities to Mr Williams under and for the purposes of Listing Rule 10.14.

If approval is obtained under Listing Rule 10.14, in accordance with Listing Rule 10.12 (exception 8), separate approval is not required under Listing Rule 10.11.

If this Resolution is passed, the Company will be able to proceed with the proposed issue of Incentive Securities which will incentivise Mr Williams in his efforts to further develop and implement the Company's strategic plan. The benefits accruing to Mr Williams under the Incentive Plan are directly attributable to and aligned with the growth in shareholder value (as reflected in its share price) resulting from the execution of the strategic plan.

If this Resolution is not passed, the Company will not be able to proceed with the proposed issue and there is a risk that the Company will not be able to retain the services of Mr Williams. Alternatively, the Company may be forced to increase Mr Williams' remuneration in order to adequately compensate and incentivise him.

Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the exceptions to the provisions; or
- (b) Shareholder approval is obtained prior to the giving of the financial benefit.

The proposed issue of Incentive Securities constitutes the giving of a financial benefit.

A "related party" for the purposes of the Corporations Act and the Listing Rules is widely defined and includes a director of a public company, a spouse of a director of a public company or an entity controlled by a director of a public company. The definition of "related party" also includes

a person whom there is reasonable grounds to believe will become a “related party” of a public company.

The non-conflicted Directors of the Company (being Mr Daryl Davies and Dr Andrew Saich) carefully considered the issue of these Incentive Securities to Mr Sean Williams, and formed the view that the giving of this financial benefit as part of his remuneration would be reasonable, given the circumstances of the Company, the quantum and terms of the Incentive Securities, and the responsibilities held by Mr Williams in the Company.

Accordingly, the non-conflicted Directors of the Company believe that the issue of these Incentive Securities to Mr Williams falls within the “reasonable remuneration” exception as set out in section 211 of the Corporations Act, and relies on this exception for the purposes of this Resolution. Therefore, the proposed issue of Options to Mr Williams requires Shareholder approval under and for the purposes of Listing Rule 10.11 only.

Information Required by ASX Listing Rule 10.15

The following information in relation to the issue of Incentive Securities to **Mr Williams** is provided to Shareholders for the purposes of ASX Listing Rule 10.15:

- (a) The allottee is Mr Sean Williams.
- (b) Mr Sean Williams is a Director of the Company.
- (c) The maximum number of Incentive Securities that may be acquired by Mr Williams is 2 million Options.
- (d) The current total remuneration package received by the relevant Director is \$76,650 (plus superannuation entitlements)
- (e) The material terms of the Incentive Securities are as follows:
 - (i) Exercise price per Option: \$0.20
 - (ii) Vesting period: 2 years from date of issue, subject to continuity of employment
 - (iii) Expiry date: 2 years from the end of the vesting period, subject to continuity of employment

The Company has chosen this type of security because it provides a tax effective form of incentive which preserves the Company's short-term cash reserves (enabling these to be applied in the delivery of the Company's strategic plan) and aligns the interests of the recipient and the shareholders in the long term in growing shareholder value as reflected in an increased share price.

The Incentive Securities will be issued within two months from the date of this Meeting, if approved by Shareholders of the Company.

As at 5th April 2022 a preliminary valuation of the Options using the Black-Scholes model indicated a value of \$0.039 per Option (based on a one day VWAP as at 5 April 2022 (\$0.12)). The value of 2 million Options was therefore \$78,000 in total.

- (f) The material terms of the Incentive Plan are set out in Annexure A of this Notice of Meeting.
- (g) Details of any securities issued under the Incentive Plan will be published in each annual report of the Company relating to a period which securities have been issued, and that approval for the issue of securities was obtained under ASX Listing Rule 10.14. Any additional persons who become entitled to participate in the Incentive Plan after the resolution was approved and who were not named in the notice of meeting will not participate until approval is obtained under ASX Listing Rule 10.14.

Other Company Changes

Resolution 7 – Approval to amend Constitution

The Company's current constitution was adopted by the Company following receipt of Shareholder approval prior to admission to the ASX.

As part of the Company's regular review of its operations to streamline administration, minimise costs and incorporate recent regulatory updates, the Company proposes to amend the Constitution as set out below.

For the following reasons, the Board of the Company wishes to amend its existing Constitution in order to bring the provisions of the Constitution in line with recent technological and Listing Rule updates and will assist the Company to more effectively and efficiently communicate with Shareholders as well as utilise various electronic platforms and tools to hold and conduct Shareholder meetings

Accordingly, the Company has prepared an updated Constitution (**New Constitution**) which incorporates the following key amendments:

- (a) Replace Clause 62 with the following:

62 Convening of General Meetings of Shareholders by a Director or requisition

Any Director may, whenever he or she thinks fit, convene a general meeting of Shareholders, and a general meeting shall also be convened on requisition as is provided for by the Corporations Act, or in default, may be convened by such requisitions as empowered to do so by the Corporations Act. If there are no Directors for the time being, a Secretary may convene a general meeting of Shareholders for the purpose of enabling the election of Directors but for no other purpose.

- (b) Insert the following as a new Clause 63

63 Use of technology general meeting

Subject to applicable law:

- 63.1 a meeting of the Members may be held by means of such telephone, electronic or other communications facilities or technology as approved by the Board that permits all persons in the meeting to communicate with each other simultaneously and instantaneously;*
- 63.2 participation in such a meeting shall constitute presence in person or 'personally' at such meeting (including for the purpose of any quorum requirements in this Constitution);*
- 63.3 a reference to a "place" when used in the context of a general meeting may be, but need not be, a physical place; and*
- 63.4 if the technology used in accordance with clause (i) encounters a technical difficulty, whether before or during the meeting, which results in a Member not being able to participate in the meeting, the chair may, subject to the Act and this Constitution, allow the meeting to continue or may adjourn the meeting either for such reasonable period as may be required to fix the technology or to such other time and location as the chair deems appropriate.*

- (c) Replace Clause 59 with the following (as mandated by Listing Rule 15.12):

59 Restricted Securities

For so long as the Company has any Restricted Securities on issue, the following apply:

- 59.1 A holder of Restricted Securities must not dispose of, or agree or offer to dispose of, the securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX.*
- 59.2 If the Restricted Securities are in the same class as quoted securities, the holder will be taken to have agreed in writing that the Restricted Securities are to be kept on the Company's issuer sponsored sub-register and are to have a holding lock applied for the duration of the escrow period applicable to those securities.*
- 59.3 The Company will refuse to acknowledge any disposal (including, without limitation, to register any transfer) of Restricted Securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX.*
- 59.4 A holder of Restricted Securities will not be entitled to participate in any return of capital on those securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX.*
- 59.5 If a holder of Restricted Securities breaches a restriction deed or a provision of this Constitution restricting a disposal of those securities, the holder will not be entitled to any dividend or distribution, or to exercise any voting rights, in respect of those securities for so long as the breach continues.*

(d) Replace Clause 15.1 with the following:

15.1 Joint Holders

If more than four persons are registered as holders of Shares in the Company in the Register of Shareholders (or a request is made to register more than three persons), then only the first four persons will be regarded as holders of Shares in the Company and all other names will be disregarded by the Company for all purpose;

Prior to the Meeting, a copy of the New Constitution is available for review by Shareholders at the Company's registered office during normal business hours. A copy of the New Constitution can also be sent to Shareholders of the Company upon a request being made to the Company Secretary Nova Taylor nova.taylor@automicgroup.com.au.

A complete signed copy of the New Constitution will be tabled at the Meeting.

Pursuant to section 136(2) of the Corporations Act, a modification to the Company's Constitution can only be effected by way of a Special Resolution passed by its Shareholders. Therefore, this Resolution is a Special Resolution that can only be passed if at least 75% of the total votes cast by Shareholders entitled to vote on this Resolution are voted in its favour.

Professional Advice

If you have any doubt or do not understand this Resolution, it is strongly recommended that you seek advice from a solicitor or other professional advisor.

Directors' Recommendation

The Board of Directors recommend Shareholders vote for this Resolution.

Enquiries

Shareholders are asked to contact the Company Secretary on +61 3 8678 4091 if they have any queries in respect of the matters set out in these documents.

Glossary

AEST means Australian Eastern Standard Time as observed in Sydney, New South Wales.

Annual Financial Report means the 31 December 2021 Annual Report to Shareholders for the period ended 31 December 2021 as lodged by the Company with ASX on 31 March 2022

Annual General Meeting or **AGM** or **Meeting** means an Annual General Meeting of the Company and, unless otherwise indicated, means the meeting of the Company's members convened by this Notice of Meeting.

ASIC means Australian Securities and Investment Commission.

Associate has the meaning given to it by the ASX Listing Rules.

ASX means ASX Limited ACN 008 624 691 or the financial market operated by it, as the context requires, of 20 Bridge Street, Sydney, NSW 2000.

ASX Listing Rules or **Listing Rules** means the official ASX Listing Rules of the ASX and any other rules of the ASX which are applicable while the Company is admitted to the official list of the ASX, as amended or replaced from time to time, except to the extent of any express written waiver by the ASX.

Auditor's Report means the auditor's report of HLB Mann Judd dated 31 March 2022 as included in the Annual Financial Report.

Board means the current board of Directors of the Company.

Business Day means a day on which trading takes place on the stock market of ASX.

Chair means the person chairing the Meeting.

Closely Related Party of a member of the KMP means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or of the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporation Regulations 2001* (Cth).

Company means InhaleRx Limited ACN 611 845 820.

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth) as amended or replaced from time to time.

Director means a current director of the Company.

Directors' Report means the report of Directors as included in the Annual Financial Report.

Dollar or **"\$"** means Australian dollars.

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

Incentive Plan means the incentive scheme entitled "InhaleRx Limited Incentive Entitlements Plan" for which Shareholder approval is being sought for the adoption of under Resolution 4 of this Notice of Meeting.

Incentive Securities means the Securities that may be granted by the Company pursuant to the terms of the Incentive Plan.

KMP means key management personnel (including the Directors) whose remuneration details are included in the Remuneration Report.

Notice of Meeting or **Notice of Annual General Meeting** means this notice of annual general meeting dated 26th April 2022 including the Explanatory Statement.

Option means an option which, subject to its terms, could be exercised into a Share.

Ordinary Resolution means a resolution that can only be passed if at least 50% of the total votes cast by Shareholders entitled to vote on the resolution are voted in its favour at the meeting.

Performance Right means a performance right which, subject to its terms, could convert to a Share.

Proxy Form means the proxy form attached to this Notice of Meeting.

Remuneration Report means the remuneration report as set out in the Annual Financial Report.

Resolutions means the resolutions set out in this Notice of Meeting, or any one of them, as the context requires.

Restricted Voter means a member of the Company's KMP and any Closely Related Parties of those members.

Securities mean Shares and/or Options (as the context requires).

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

Shareholder means a holder of a Share.

Share Registry means Automic, Level 5, 126 Phillip Street Sydney NSW 200.

Special Resolution means a resolution that can only be passed if at least 75% of the total votes cast by Shareholders entitled to vote on the resolution are voted in its favour at the meeting.

Spill Meeting means the meeting that will be convened within 90 days of the 2022 AGM if a threshold of votes is cast against the adoption of the Remuneration Report at the Meeting and the 2022 AGM.

Spill Resolution means the resolution required to be put to Shareholders at the 2022 AGM if a threshold of votes is cast against the adoption of the Remuneration Report at the Meeting and the 2022 AGM.

Trading Day has the meaning given to that term in ASX Listing Rule 19.12.

VWAP means the volume weighted average market (closing) price, with respects to the price of Shares.

ANNEXURE A

Summary of the InhaleRx Limited Incentive Entitlements Plan Rules

The following terms and phrases have the meanings ascribed to them below when used in this summary of the Rules:

Blackout Period	a period when the Eligible Participant is prohibited from trading in the Company's securities by the Company's Securities Trading policy or other similar policy.
Board	the Board of Directors of the Company or a committee appointed by the Board for the purposes of the Plan
Change of Control	<p>the occurrence of any of the following events (each a Change of Control Event) that results in a person or group of persons which did not have Control of the Company immediately prior to the completion or occurrence of the relevant Change of Control Event as the case may be (Completed Transaction), having Control of the Company immediately following the Completed Transaction:</p> <ul style="list-style-type: none"> (a) a takeover bid (as that term is defined in the Corporations Act) being made for the Company; (b) a Court sanctioned compromise or arrangement under Part 5.1 of the Corporations Act; (c) a selective capital reduction for the purposes of Chapter 2J of the Corporations Act; or (d) any other event that the Board considers has resulted or will result in a change of Control of the Company.
Control	the same meaning as is given to that term in section 50AA of the Corporations Act.
Corporations Act	the <i>Corporations Act 2001</i> (Cth)
Eligible Participant	<p>a person who:</p> <ul style="list-style-type: none"> (a) would be an 'eligible participant' for the purposes of the ASIC Relief, or a person who the Board has otherwise determined to be an 'eligible participant'; (b) the Board Invites to participate in this Plan; and (c) where the context requires, a person fitting within paragraphs (a) and (b), who accepts the Invitation.
Exemption Conditions	the exemption conditions set out in section 83A-35 of the ITAA 1997.
Incentive Entitlement	<p>any form of equity based incentive that entitles the recipient to be issued a Share as determined by the Board, including:</p> <ul style="list-style-type: none"> (a) Options; and (b) Performance Rights.
Invitation	an invitation issued by the Board to an Eligible Participant to apply for

	a specified number of Incentive Entitlements pursuant to the Plan.
ITAA 1997	the Income Tax Assessment Act 1997 (Cth) as amended from time to time.
Plan	the InhaleRx Limited Incentive Entitlements Plan
Rules	the Plan Rules.
Share	a fully paid ordinary share in the capital of the Company.
Trading Lock	a mechanism arranged or approved by the Board and administered by the Company (including through its share registry or relevant securities exchange trading systems) that prevents Shares being disposed of by an Eligible Participant during the Trading Lock Period to ensure the Exemption Conditions are satisfied.

1. Objectives

The objectives of the Plan are to:

- (a) provide Incentive Entitlements to Eligible Participants who are considered to be key to the future success of the Company, in order to retain the services of those Eligible Participants in the future and incentivise their performance;
- (b) provide a means by which Eligible Participants may acquire Shares in the Company in addition to their remuneration; and
- (c) recognise and reward the performance of Eligible Participants and their contribution to the future success of the Company by providing Incentive Entitlements to those Eligible Participants.

2. Principal Conditions

This Plan may be operated so that Incentive Entitlements issued to or acquired by Eligible Participants under the Plan satisfy the Exemption Conditions so as to permit the application of section 83A-35 of the ITAA 1997.

3. Invitation

The Board may from time to time in its absolute discretion issue Invitations to Eligible Participants.

Participation in the Plan by Eligible Participants is voluntary, and no eligible participant is required to participate in the Plan.

4. Payment for Incentive Entitlements

In determining Incentive Entitlements, the Board may from time to time:

- (a) issue Incentive Entitlements to the Eligible Participants for such amount as determined by the Board in its absolute discretion, including but not limited to issuing Incentive Entitlements for nil consideration; and
- (b) may require or invite an Eligible Participant to pay money on account of Incentive Entitlements to be acquired under the Plan, either by cash or salary sacrifice.

5. Disposal restrictions on rights transfer of Incentive Entitlements

- (a) Incentive Entitlements issued under the Plan are not generally transferable without the prior written consent of the Board.
- (b) An issue of Shares may be subject to a Trading Lock for a specified period of time. The

Board can take whatever actions it deems necessary in order to enforce that Trading Lock, or to ensure that the Exemption Conditions are satisfied.

(c) The Board has a broad discretion to refuse to register the transfer of an Incentive Entitlement, or a Share issued on the exercise of an Incentive Entitlement, where that transfer would be in breach of:

- (i) the terms of this Plan;
- (ii) the terms of any restriction on dealing with that Incentive Plan (whether a Trading Lock or otherwise);
- (iii) the Corporations Act; or
- (iv) the ASX Listing Rules,

(d) A holder of the Incentive Entitlement may not grant a security interest over it unless the Board approval gives its prior written consent. Where attempts are made to do so without that consent, that Incentive Entitlement will immediately lapse.

(e) Any offer for the sale or issue of securities must be made under a disclosure document (such as a prospectus), unless an exception is expressly provided for under the Corporations Act, or by ASIC exercising its power to provide for certain amendments to the Corporations Act. ASIC has promulgated an exception to the need for a disclosure document, in respect of securities issued under an employee incentive scheme, provided that those schemes meet the criteria currently set out in ASIC Class Order 14/1000.

The Plan is designed to comply with ASIC Class Order 14/1000.

One of the requirements of ASIC Class Order 14/1000 is that the Company may not issue any Incentive Entitlements, or Shares pursuant to the exercise of such Incentive Entitlements (the **Relevant Issue**), unless the Company has reasonable grounds to believe that by doing so:

- (i) the total number of Shares that may be issued or required to be issued as a result;
- (ii) when aggregated with the total number of Shares that have been issued or may be issued as a result of offers made under previous employee incentive schemes in reliance on ASIC Class Order 14/1000 in the previous three years,

would not exceed 5% of the total number of Shares on issue at the date of the Relevant Issue.

6. Vesting of Incentive Entitlements

(a) The Board may issue Incentive Entitlements subject to any vesting conditions that it sees fit including such conditions as length of tenure, or meeting key performance indicators (Vesting Conditions).

(b) In certain circumstances the Incentive Entitlements may lapse including where the Board deems that they shall lapse as a result of the Incentive Entitlements Holder:

- (i) acting fraudulently or dishonestly, being grossly negligent, demonstrating serious and wilful misconduct, or causing material damage to the reputation of the Company in any of its subsidiaries;
- (ii) having his or her employment office terminated due to serious wilful misconduct or otherwise for cause without notice; or
- (iii) dealing with any Incentive Entitlement contrary to the provisions of this Plan, the relevant Invitation, or applicable law.

(c) Part 2D.2 Division 2 of the Corporations Act (Part 2D.2 Division 2) prohibits the payment of termination benefits to certain senior executives unless the benefits are approved by shareholders or specific exemptions apply. There are additional requirements imposed by the

Listing Rules. The Plan allows the Board to not issue an Incentive Entitlement if it would be contrary to Part 2D.2 Division 2.

- (d) All Incentive Entitlements will immediately vest if a Change of Control occurs.

7. Issue of Options

- (a) One type of Incentive Entitlement that may be granted to Eligible Participants are Options.
- (b) Holders of Options may exercise them by lodging a duly completed Notice of Exercise and paying the Exercise Price which has been set out in the relevant Invitation.
- (c) The Eligible Participant may elect to pay the Exercise Price by setting off the total Exercise Price that it pays for exercising of its Options against the number of Shares that they would be entitled to receive on exercise of the relevant Options.

8. Exercise of Options

- (a) Each Option or other type of Incentive Entitlement entitles the holder to one Share upon vesting of the Incentive Entitlement.
- (b) The Company will apply for the listing on the ASX of each Share issued on the exercise of an Incentive Entitlement and each Share will rank equally in all respects with all other Shares already.
- (c) There will be no transfer restrictions on Shares unless they are subject to a Trading Lock or their issue would require the preparation of a disclosure document (such as a prospectus).
- (d) No Shares will be issued during a Blackout Period, or if to do so would breach the insider trading or takeover provisions of the Corporations Act.

9. Bonus Issues, Reconstruction

There may be adjustments to the number of Incentive Entitlements that an Eligible Participant is entitled to if the Company makes a bonus issue of shares, or there is a reorganisation of the Shares on issue (such as a consolidation, subdivision, reduction or return). Apart from this the holders of Incentive Entitlements are not entitled to participate in any new issue of Shares.

10. Amendments

- (a) The Board may make amendments to the Plan and the Rules provided that it may not do so if this would reduce the rights of the Incentive Entitlement holders in respect of their Incentive Entitlements, other than where it is necessary to do so in order to:
 - (i) comply with any applicable law, any practice of the ASIC, or ASX;
 - (ii) to correct a manifest error; or
 - (iii) take into account any adverse effects of tax on the plan arising from, amongst other things a change to the taxation law.
- (b) Unless expressly stated in any contract of employment or service between the Company and any Eligible Participant or set out in the relevant Invitation, neither the Plan nor the Rules form part of, and are not incorporated into, any contract of employment or service. No holder of any Incentive Entitlement will have any right to compensation or damages for loss of any entitlement to Incentive Entitlements as a consequence of the termination of their office or employment.



InhaleRx Limited | ACN 611 845 820

Proxy Voting Form

If you are attending the virtual Meeting please retain this Proxy Voting Form for online Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by 3.00pm (AEST) on Sunday, 29 May 2022, being not later than 48 hours before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

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

YOUR NAME AND ADDRESS

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

STEP 1 – APPOINT A PROXY

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

DEFAULT TO THE CHAIR OF THE MEETING

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

STEP 2 - VOTES ON ITEMS OF BUSINESS

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

APPOINTMENT OF SECOND PROXY

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

SIGNING INSTRUCTIONS

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

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

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

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

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

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

CORPORATE REPRESENTATIVES

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

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at

<https://investor.automic.com.au/#/login>

or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



BY MAIL:

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GPO Box 5193
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IN PERSON:

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Sydney NSW 2000

BY EMAIL:

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