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**INHALE RX LIMITED**  
**ACN 611 845 820**  
**NOTICE OF GENERAL MEETING**

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Notice is given that the Meeting will be held at:

**TIME:** 4.00pm AEDT

**DATE:** Thursday, 28 November 2024

**PLACE:** The meeting is a virtual meeting. Please pre-register prior to the day of the meeting at:

[https://us02web.zoom.us/webinar/register/WN\\_eBueeUbdSqeYPEh4lh5YBQ](https://us02web.zoom.us/webinar/register/WN_eBueeUbdSqeYPEh4lh5YBQ)

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

***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.***

***The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 7pm AEDT on Tuesday, 26 November 2024.***



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## BUSINESS OF THE MEETING

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### AGENDA

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**1. RESOLUTION 1 – ISSUE OF SHARES TO A DIRECTOR IN LIEU OF DIRECTOR FEES – SEAN WILLIAMS**

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

*"That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to the equivalent of \$24,815.45 of Shares in lieu of Directors' Fees for the period 1 January 2024 to 31 December 2024 to Sean Williams, Non-Executive Director of the Company (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**A voting exclusion statement applies to this Resolution. Please see below.**

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**2. RESOLUTION 2 – ISSUE OF SHARES TO A DIRECTOR IN LIEU OF DIRECTOR FEES – ANDREW SAICH**

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

*"That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to the equivalent of \$26,250 of Shares in lieu of Directors' Fees for the period 1 January 2024 to 31 December 2024 to Andrew Saich, Non-Executive Director of the Company (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**A voting exclusion statement applies to this Resolution. Please see below.**

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**3. RESOLUTION 3 – ISSUE OF SHARES TO A DIRECTOR IN LIEU OF DIRECTOR FEES – JAMES BARRIE**

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

*"That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to the equivalent of \$16,500 of Shares in lieu of Directors' Fees for the period 1 January 2024 to 31 December 2024 to James Barrie, Non-Executive Director and Company Secretary of the Company (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**A voting exclusion statement applies to this Resolution. Please see below.**

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**4. RESOLUTION 4 – ISSUE OF SHARES TO A DIRECTOR IN LIEU OF DIRECTOR FEES – JOHN CROCK**

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

*"That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to the equivalent of \$8,325 of*

*Shares in lieu of Directors' Fees for the period 1 January 2024 to 1 April 2024 to John Crock, a former Non-Executive Director of the Company (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**A voting exclusion statement applies to this Resolution. Please see below.**

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**5. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF SHARES**

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

*"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 3,444,828 Shares at \$0.029 per Share on the terms and conditions set out in the Explanatory Statement."*

**A voting exclusion statement applies to this Resolution. Please see below.**

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**6. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE OF CONVERSION SHARES**

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

*"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 17,969,880 Shares at a deemed price of \$0.023 per Share on the terms and conditions set out in the Explanatory Statement."*

**A voting exclusion statement applies to this Resolution. Please see below.**

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**7. RESOLUTION 7 – APPROVAL TO ISSUE OF OPTIONS TO CLENDON UNDER THE FACILITY AGREEMENT**

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

*"That, for the purposes of Listing Rule 7.1 and all other purposes, approval is given for the Company to issue 38,449,145 Options to Clendon Biotech Capital Pty Ltd (**Clendon**) under the Facility Agreement entered into between the Company and Clendon, on the terms set out in the Explanatory Statement."*

**A voting exclusion statement applies to this Resolution. Please see below.**

**Dated: 28 October 2024**

**By order of the Board**

**James Barrie**  
**Non-Executive Director and Company Secretary**

## Voting Exclusion Statements

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the resolution set out below by or on behalf of the following persons:

<b>Resolution – Issue of Shares to a Director in lieu of Director Fees – Sean Williams</b>	Mr Sean Williams (or his nominee) or an associate of that person 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).
<b>Resolution 2 – Issue of Shares to a Director in lieu of Director Fees – Andrew Saich</b>	Mr Andrew Saich (or his nominee) or an associate of that person 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).
<b>Resolution 3 – Issue of Shares to a Director in lieu of Director Fees – James Barrie</b>	Mr James Barrie (or his nominee) or an associate of that person 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).
<b>Resolution 4 – Issue of Shares to a Director in lieu of Director Fees – John Crock</b>	Dr John Crock (or his nominee) or an associate of that person 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).
<b>Resolution 5 – Ratification of Prior Issue of Shares</b>	Mr Darryl Davies (or his nominee) or an associate of that person who participated in the issue of Shares.
<b>Resolution 6 – Ratification of Prior Issue of Conversion Shares</b>	Canvalate Pty Ltd, Dr David Walland, Mr Michael Reid, Mr Chang Teo, Mr Sean Reeves or Mr Piper Madison or their nominee or an associate of that person who participated in the issue of the Conversion Shares.
<b>Resolution 7 - Approval to issue of Options to Clendon under the Facility Agreement</b>	<i>By or on behalf of Clendon Biotech Capital Pty Ltd, 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 entity) or an associate of those persons.</i>

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

- (a) a person as a 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
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (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.

## **Voting by proxy**

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

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

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two (2) proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

## **Voting online at the virtual meeting**

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The company is pleased to provide shareholders with the opportunity to attend and participate in the Meeting through an online meeting platform, where shareholders will be able to watch, listen, ask questions and vote online.

***Shareholders are encouraged to register well prior to the day of the Meeting to ensure there is no delay in attending the Meeting.***

To access the virtual meeting:

1. If you do not have a free and secure Zoom logon, please download the Zoom Mobile App from your play store or download the Zoom Client for Meetings file from your internet browser.
2. Please pre-register by opening your internet browser and going to:  
[https://us02web.zoom.us/webinar/register/WN\\_eBueeUbdSqeYPEh4lh5YBQ](https://us02web.zoom.us/webinar/register/WN_eBueeUbdSqeYPEh4lh5YBQ)
3. Select the capacity in which you are attending, then enter your registered holding name, email address of your zoom account, HIN/SRN and postcode and click "register".
4. Once your details are verified, you will receive a separate personalised email with details of how to logon on the day of the Meeting.
5. Click on the personalised link you will be emailed to join the Meeting, where you can view and listen to the Meeting, vote during the poll as well as ask questions in relation to the business of the Meeting.
6. Once the Chair of the Meeting has declared the poll open for voting, select "For", "Against" or "Abstain" for each resolution.

***Should you wish to discuss the matters in this Notice please do not hesitate to contact the Company Secretary, James Barrie, at [james.barrie@inhalerx.com.au](mailto:james.barrie@inhalerx.com.au) .***

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

### 1. Resolutions 1 to 4 – Issue of shares in lieu of Director fees

#### 1.1 General

Each of Mr Sean Williams, Mr Andrew Saich, Mr James Barrie and Dr John Crock (together, the **Participating Directors**) have agreed to receive Shares in lieu of of Directors' fees otherwise payable to them by the Company for the following periods:

- (a) in the case of Mr Saich, for the period 1 November 2023 to 30 June 2024,
- (b) in the case of Mr Barrie and Mr Williams, the period 1 January 2024 to 30 June 2024 (**Accrued Fees**);
- (c) in the case of Dr John Crock, the period of 1 January 2024 and 1 April 2024 (**Accrued Fees**); and
- (d) in the case of Mr Barrie, Mr Saich and Mr Williams, the period 1 July 2024 to 31 December 2024 (**2024 Forecast Fees**),

(together, the **Fees**). The Company has agreed, subject to obtaining Shareholder approval, to issue a total of \$75,890.45 value of Shares in the Company to the following related parties in lieu their respective Fees <sup>1</sup> (**Director Fee Shares**):

Director	Accrued Fees to 30 June 2024 (Amount)	Forecasted Fees for 1 July 2024 to 31 December 2024 (Amount)
Mr Sean Williams	\$3,545.06	\$21,270.39
Mr Andrew Saich	\$15,000	\$11,250
Mr James Barrie	\$5,250	\$11,250
Dr John Crock	\$8,325	-
<b>Sub-total</b>	<b>\$32,120.06</b>	<b>\$43,770.39</b>
<b>Total Fees</b>	<b>\$ 75,890.45</b>	

on the terms and conditions set out below.

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<sup>1</sup> Balance to be paid in cash

## 1.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must, pursuant to Chapter 2E of the Corporations Act:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

Section 211 of the Corporations Act specifies that member approval is not needed if the financial benefit or remuneration is to a related party, such as an officer or employee of the company, and to give the remuneration would be reasonable given:

- (a) the circumstances of the public company or entity giving the remuneration; and
- (b) the related party's circumstances (including the responsibilities involved in the office or employment).

The Directors (other than the Participating Director to which the resolution applies) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required as the issue of the Director Fee Shares constitutes reasonable remuneration payable to the Participating Directors.

## 1.3 Listing Rule 10.11

In addition, Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3;  
or
- 10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issue of the Director Fee Shares to the Participating Directors in lieu of the Fees falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in

Listing Rule 10.12. The issue of the Director Fee Shares to the Participating Directors therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolutions 1 to 3 seek the required Shareholder approval for the issue of the Director Fee Shares to the Participating Directors under Listing Rule 10.11.

#### **1.4 Technical information required by Listing Rule 14.1A**

If Resolutions 1-3 are passed, the Company will be able to proceed with the issue of the Director Fee Shares to the Participating Directors within one month after the date of the Meeting. It is noted that the issue of the Fee Shares will not use up any of the Company's 15% annual placement capacity.

If any of Resolutions 1-3 are not passed, the Company will not be able to proceed with the issue of the Director Fee Shares and the Company will be required to consider other mechanisms to properly remunerate the respective Participating Directors, including the payment of the relevant Fees in cash, which will diminish the Company's cash reserves.

It is noted that Resolutions 1-3 seek approval for individual issues and are not dependent on one another.

#### **1.5 Technical Information required by Listing Rule 10.13**

Pursuant to Listing Rule 10.13, the following information is provided in relation to the proposed issue of the Director Fee Shares:

- (a) The related parties are Mr Sean Williams, Mr Andrew Saich and Mr James Barrie and in accordance with Listing Rule 10.13.2 they are related parties pursuant to Listing Rule 10.11.1 by virtue of being non-executive directors of the Company;
- (b) The maximum value of the Director Fees Shares (being the nature of the financial benefit being provided) to be issued under the related parties is:
  - a. \$24,815.45 worth of Shares to Mr Sean Williams;
  - b. \$26,250 worth of Shares to Mr Andrew Saich;
  - c. \$16,500 worth of Shares to Mr James Barrie;
  - d. \$8,325 worth of Shares to Dr John Crock.

The Shares will be issued at the volume weighted average price (VWAP) of the Shares in the ten (10) ASX trading days prior to the issue after approval by Shareholders.

As an example, in the ten trading days between 3 September 2024 and 13 September 2024 (being the date this Notice was prepared), the Company's Shares traded between \$0.031 and \$0.032. Assuming various 10-day VWAP's at the time the Shares are issued, the following number of shares would be issued:



		Assumed VWAP		
		\$0.016	\$0.032	\$0.048
Value of Shares	Director	No of Shares	No of Shares	No of Shares
\$24,815.45	Sean Williams	1,550,966	775,483	516,989
\$26,250	Andrew Saich	1,640,625	820,313	546,875
\$16,500	James Barrie	1,031,250	515,625	343,750
\$8,325	John Crock	520,313	260,156	173,438
	<b>Total</b>	<b>4,222,841</b>	<b>2,111,420</b>	<b>1,407,614</b>

- (c) The Shares in lieu of Accrued Fees will be issued to Mr Williams, Mr Saich, Mr Barrie and Dr Crock no later than 1-month after the date of the Meeting as detailed in 1.1 (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Shares in lieu of Accrued Fees will be issued on the same date.
- (d) The Shares in lieu of 2024 Forecast Fees will be issued to Mr Williams, Mr Saich and, Mr Barrie on or before 31 January 2025 (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Shares in lieu of forecasted fees will be issued on the same date;
- (e) The Shares are being issued to Mr Williams, Mr Saich, Mr Barrie and Dr Crock in lieu of Accrued Fees and 2024 Forecast Fees as outlined in 1.1 above. As such, the Shares will be issued for nil cash consideration and no funds will be raised;
- (f) The Shares issued will be fully paid ordinary shares of the Company and on the same terms as the Company's existing Shares;
- (g) The proposed grantees' current shareholdings in the Company, including any associates, are as follows:

Director	No. of Shares
Sean Williams	200,000
Andrew Saich	Nil
James Barrie	Nil
John Crock	1,082,092

- (h) The grantees' current and total remuneration (per Listing Rule 10.13.8) received from the Company is as follows:

Director	Accrued Fees to 30 June 2024	Forecast Fees for 1 July 2024 to 31 December 2024	Approval sought in Shares <sup>2</sup>
Sean Williams	\$7,090.13	\$42,540.78	\$24,815.45
Andrew Saich	\$30,000.00	\$22,500.00	\$26,250.00
James Barrie <sup>3</sup>	\$10,500.00	\$22,500.00	\$16,500.00
John Crock	-\$8,325.00	Nil	\$8,325.00

- (i) The trading history of the Company's Shares on the ASX in the 12-month period to 13 September 2024, being the date of preparation of this Notice, is as follows:

	Price	Date
Highest	\$ 0.05	Various dates, most recently 25 March 2024 to 2 April 2024
Lowest	\$ 0.02	Various dates, most recently 9 August 2024 to 21 August 2024
Last	\$ 0.032	12 September 2024

- (j) As at 13 September 2024, being the date of preparation of this Notice, the Company's issued capital was 189,766,957. If approval is given by shareholders to issue the Director Fees Shares in accordance with Resolutions 1 to 3, the following would apply based on the same assumed 10-day VWAPs in 1.2(b) above:

	Assumed VWAP		
	\$0.016	\$0.032	\$0.048
New Shares issued	4,222,841	2,111,420	1,407,614
Dilution to existing shareholder's holdings	2.18%	1.10%	0.74%

Director	Assumed VWAP					
	\$0.016		\$0.032		\$0.048	
	Total Shares	% of Issued Capital	Total Shares	% of Issued Capital	Total Shares	% of Issued Capital
Sean Williams	1,750,966	0.90%	975,483	0.51%	716,989	0.53%
Andrew Saich	1,640,625	0.84%	820,313	0.43%	546,875	0.46%
James Barrie	1,031,250	0.53%	515,625	0.27%	343,750	0.29%
John Crock	1,602,405	0.82%	1,342,248	0.70%	1,255,530	0.71%
Total	<b>6,025,245</b>	<b>3.10%</b>	<b>3,653,669</b>	<b>1.90%</b>	<b>2,863,143</b>	<b>1.50%</b>

Any further issue of Shares by the Company after the release of this Notice but prior to the holding of the Meeting will affect the above percentages of issued share capital held by the Participating Directors of the Company.

<sup>2</sup> Represents 50% of the accrued fees to 30 June 2024 and forecasted fees for 1 July 2024 to 31 December 2024, with the balance to be paid in cash

<sup>3</sup> Mr Barrie also is remunerated for Company Secretary services, however these are not subject to the resolutions

As at 13 September 2024, being the date of preparation of this Notice, the Company had availability to issue 28,465,044 Shares under Listing Rule 7.1 and 18,976,696 Shares under Listing Rule 7.1A.

- (k) The main purpose of the issue of Shares to Mr Williams, Mr Saich, Mr Barrie and Dr Crock is to provide cost-effective consideration to the Participating Directors for their contribution to the Company in their respective roles as directors. The Board does not consider there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Shares on the terms proposed.
- (l) Mr Williams declines to make a recommendation to Shareholders in relation to the outcome of Resolution 1 due to his material personal interest in the resolution. **The other directors, who do not have a material personal interest in the outcome of Resolution 1 recommend that Shareholders vote in favour of Resolution 1.** The Board, excluding Mr Williams, is not aware of any other information that would be reasonably required by Shareholders to allow them, to make a decision whether it is in the best interests of the Company to pass the resolution.
- (m) Mr Saich declines to make a recommendation to Shareholders in relation to the outcome of Resolution 2 due to his material personal interest in the resolution. **The other directors, who do not have a material personal interest in the outcome of Resolution 2 recommend that Shareholders vote in favour of Resolution 2.** The Board, excluding Mr Saich, is not aware of any other information that would be reasonably required by Shareholders to allow them, to make a decision whether it is in the best interests of the Company to pass the resolution.
- (n) Mr Barrie declines to make a recommendation to Shareholders in relation to the outcome of Resolution 3 due to his material personal interest in the resolution. **The other directors, who do not have a material personal interest in the outcome of Resolution 3 recommend that Shareholders vote in favour of Resolution 3.** The Board, excluding Mr Barrie, is not aware of any other information that would be reasonably required by Shareholders to allow them, to make a decision whether it is in the best interests of the Company to pass the resolution.
- (o) Dr Crock declines to make a recommendation to Shareholders in relation to the outcome of Resolution 4 due to his material personal interest in the resolution. **The other directors, who do not have a material personal interest in the outcome of Resolution 4 recommend that Shareholders vote in favour of Resolution 4.** The Board, excluding Dr Crock, is not aware of any other information that would be reasonably required by Shareholders to allow them, to make a decision whether it is in the best interests of the Company to pass the resolution.
- (p) A voting exclusion statement is included in this Notice for all Resolutions.

## 2. Resolution 5 - Ratification of Prior Issue of Shares

### 2.1 General

As announced on 2 October 2024, the Company, Mr Darryl Davies (**Mr Davies**), the Company's Chief Executive Officer, has agreed to receive Shares in lieu of his accrued salary otherwise payable to him by the Company for the period 1 February 2024 to 30 September 2024. The accrued salary payable to Mr Davies was \$99,900.00.

The Company issued Mr Davies 3,444,828 Shares in the Company, calculated on the 30-day VWAP, being \$0.029, of the Company shares up to 30 September 2024.

The number of Company shares for Mr Davies was calculated as follows:

<b>Salary Period</b>	1 February 2024 – 30 September 2024
<b>Salary Owed (A)</b>	\$99,900.00
<b>30-day VWAP (B)</b>	\$0.029
<b>Total Company Shares C = A/B</b>	<b>3,444,828</b>

Resolution 5 seeks Shareholder ratification in respect of the 3,444,828 Shares issued pursuant to the Company's additional placement capacity under ASX Listing Rule 7.1.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period. ASX Listing Rule 7.1 provides additional capacity to issue shares up to 10% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period.

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

By ratifying this issue of the Davies Shares, the Company will retain the flexibility to issue equity securities in the future, namely if Resolution 5 is passed the issue of the 3,444,828 Shares will be excluded in calculating the Company's 15% annual placement capacity set out in ASX Listing Rule 7.1;

## **2.2 Technical information required by ASX Listing Rule 7.5**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Davies Shares issued using the capacity allowed under Listing Rule 7.1:

- (a) the Shares were issued to Mr Darryl Davies, the Company's CEO;
- (b) 3,444,828 Shares were issued;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the shares were issued on 3 October 2024;
- (e) the issue price was \$0.029 per Share;
- (f) whilst no funds were raised pursuant to the issue of Shares, discharged the \$99,900 accrued salary that was otherwise payable to Mr Davies; and
- (g) a voting exclusion statement has been included in this Notice.

If Resolution 5 is approved, the Company will refresh its ability to issue securities under Listing Rule 7.1 without seeking Shareholder approval.

If Resolution 5 is not approved, the ability of the Company to issue securities under Listing Rule 7.1 without seeking Shareholder approval will be limited to the remaining securities allowed following the issue of the above-mentioned Shares. This will effectively decrease the number of equity securities the Company can issue without Shareholder approval over the 12 months following the date of the issue.

## 2.3 Board recommendation

The Board unanimously recommends that Shareholders vote in favour of this Resolution.

## 3. Resolution 6 - Ratification of Prior Issue of Conversion Shares

### 3.1 General

As announced on 22 October 2024, the Company advised it had received conversion notices pursuant to the Convertible Loan Facility announced on 28 March 2024 (**Loan Facility**) from investors representing \$401,000 of the \$500,000 principal advanced under the Loan Facility plus accrued interest at 10% p.a. to 17 October 2024.

The total amount converted was \$413,307.26. Based on the 30-day VWAP of the Company's shares up to 17 October 2024, being \$0.023, 17,969,880 ordinary shares were issued (**Conversion Shares**).

The number of Conversion Shares for each of the lenders who elected to convert was calculated as follows:

<b>Loan Facility Lender</b>	<b>Principal</b>	<b>Accrued Interest</b>	<b>Total</b>	<b>Shares Issued</b>
Canvalate Pty Ltd	\$199,000	\$6,162.47	\$205,162.47	8,920,107
David Walland	\$46,000	\$1,350.96	\$47,350.96	2,058,737
Michael Reid	\$25,000	\$794.52	\$25,794.52	1,121,501
Chang Teo	\$81,000	\$2,496.58	\$83,496.58	3,630,286
Sean Reeves	\$20,000	\$553.42	\$20,553.42	893,267
Piper Madison	\$30,000	\$949.32	\$30,949.32	1,345,622
<b>Total</b>	<b>\$401,000</b>	<b>\$12,307.26</b>	<b>\$413,307.26</b>	<b>17,969,880</b>

Resolution 6 seeks Shareholder ratification in respect of the 17,969,880 Shares issued pursuant to the Company's additional placement capacity under ASX Listing Rule 7.1.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period. ASX Listing Rule 7.1 provides additional capacity to issue shares up to 10% of the number of fully paid ordinary securities on issue at the commencement of that 12-month

period.

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

By ratifying this issue of the Conversion Shares, the Company will retain the flexibility to issue equity securities in the future, namely if Resolution 6 is passed the issue of the 17,969,880 Shares will be excluded in calculating the Company's 15% annual placement capacity set out in ASX Listing Rule 7.1;

### **3.2 Technical information required by ASX Listing Rule 7.5**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Conversion Shares issued using the capacity allowed under Listing Rule 7.1:

- (h) the Shares were issued to Canvalate Pty Ltd, David Walland, Michael Reid, Chang Teo, Sean Reeves and Piper Madison;
- (i) 17,969,880 Shares were issued;
- (j) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (k) the shares were issued on 22 October 2024;
- (l) the deemed issue price was \$0.023 per Share;
- (m) whilst no funds were raised pursuant to the issue of the Conversion Shares, this discharged the \$413,307.26 principal and accrued interest that was otherwise payable under the Loan Facility; and
- (n) a voting exclusion statement has been included in this Notice.

If Resolution 6 is approved, the Company will refresh its ability to issue securities under Listing Rule 7.1 without seeking Shareholder approval.

If Resolution 6 is not approved, the ability of the Company to issue securities under Listing Rule 7.1 without seeking Shareholder approval will be limited to the remaining securities allowed following the issue of the above-mentioned Shares. This will effectively decrease the number of equity securities the Company can issue without Shareholder approval over the 12 months following the date of the issue.

### **3.3 Board recommendation**

The Board unanimously recommends that Shareholders vote in favour of this Resolution.

## **4. Resolution 7 – Approval to issue of Options to Clendon under the Facility Agreement**

As announced on 18 October 2024, the Company as the borrower and Clendon Biotech Capital Pty Ltd (ACN 674 054 267) (the **Lender**) entered into the Facility Agreement. The completion of this Facility Agreement is conditional upon the Company being able to issue the Options to the Lender.

Under the Facility Agreement, the Lender is to provide a total of \$38,475,110 for two separate projects to be undertaken by the Company. The maximum commitment of \$38,475,110 is comprised of:

- (a) a commitment of up to \$15,487,555 for the IRX-211 Facility;
  - (b) a commitment of up to \$16,087,555 for the IRX-616a Facility; and
  - (c) a commitment of up to \$6,900,000 for interest capitalisation, comprising \$3 million in respect of the IRX-211 Facility and \$3,900,000 in respect of the IRA-616a Facility,
- (together, the **Facility**).

The facility will be secured by a general security deed granted by the Company in favour of the Lender over all of its assets and undertaking.

The Company must repay the money owed in cash, however, may use the proceeds from the exercise of the Options to make the repayments.

The exercise price of the Options is the higher of:

- (a) \$0.025 per Option; and
- (b) a price equal to 90% of the 90-day volume-weighted average price (**VWAP**) of the Shares in the Company ending one business day before the date of exercise of the Option.

The material terms of the facility are set out in Schedule 1.

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.

The issue of the Options does not fall within the exceptions in Listing Rule 7.1 and exceeds the 15% limit in Listing Rule 7.1. It, therefore, requires the approval of the Company's Shareholders under Listing Rule 7.1.

This Resolution seeks the required Shareholder approval to issue the Options under and for the purposes of Listing Rule 7.1.

#### **4.1 Listing Rule 7.3**

For Shareholders to approve the issue for the purposes of Listing Rule 7.1, the following information is provided in accordance with Listing Rule 7.3:

- (a) The Options will be issued to Clendon Biotech Capital Pty Ltd (ACN 674 054 267).
- (b) The Company will issue a maximum of 38,449,145<sup>4</sup> Options to the Lender.
- (c) The Options are exercisable at the higher of:

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<sup>4</sup> The number of options is calculated at 19.9% of Shares on issue (193,338,702), excluding the shares sought to be ratified in Resolution 6, as at the date of preparation of this Notice of Meeting.

- (i) \$0.025 per Option; and
  - (ii) a price equal to 90% of the 90-day volume-weighted average price (**VWAP**) of the Shares in the Company ending one business day before the date of exercise of the Option.
- (d) A summary of the terms of the Options is set out in Schedule 2.
- (e) The Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX Waiver or modification of the ASX Listing Rules).
- (f) The Options will be issued for no consideration. Therefore, no funds will be raised from the issue of the Options.
- (g) The Options are unlisted Options. The Options will expire on the date which is the earlier of:
  - (i) two Business Days following the Commencement Date; or
  - (ii) 5 years from the date of issue of the Options.
- (h) The purpose of the issue of the Options is to secure the funds under the Facility Agreement by incentivising the Lender to assist the Company in completing the clinical trials for IRX-211 and IRX-616a.
- (i) The Options are not being issued under, or to fund a reverse takeover.
- (j) A voting exclusion statement is included in Resolution 7 of the Notice.

## **4.2 Listing Rule 14.1A**

If this Resolution is passed, the Company will be allowed to issue the Options to the Lender under the Facility Agreement. In addition, the issue will be excluded from calculating the number of equity securities the Company can issue without Shareholder approval under Listing Rule 7.1.

If the Resolution is not passed, the Company will not be able to proceed with the issue of the Options and therefore the Lender will not provide the Facility to the Company.

## **4.3 Directors Recommendation**

The Board of Directors recommend that Shareholders vote in favour of Resolution 7. The Chairman of the meeting intends to vote undirected proxies in favour of this Resolution.



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## GLOSSARY

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**\$** means Australian dollars.

**AEST** means Australian Eastern Standard Time as observed in Melbourne, Victoria.

**ASIC** means the Australian Securities & Investments Commission.

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

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Chair** means the chair of the Meeting.

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

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

**Commencement Date** means the date which is the earlier of:

- (a) the date that the Company notifies the Lender in writing that it wishes to repay all amounts owing to the Lender in respect of the secured moneys;
- (b) 5 Business Days prior to the date on which the repayment of any of the secured moneys is due to be paid by the Company to the Lender; and
- (c) the date on which the Company announces to the ASX that:
  - (i) a takeover bid for its shares has become unconditional; or
  - (ii) a scheme of arrangement has been approved by the Court.

**Company** means Inhale RX Limited (ACN 611 845 820).

**Constitution** means the Company's constitution.

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

**Directors** means the current directors of the Company.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Fees** has the meaning set out in Section 1.1.

**General Meeting** or **Meeting** means the meeting convened by the Notice.

**IRX-211 Facility** means the facility to undertake the clinical trials for the inhaled therapeutic known as IRX-211.

**IRX-616a Facility** means the facility to undertake the clinical trials for the inhaled therapeutic known as IRX-616a.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Listing Rules** means the Listing Rules of ASX.

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

**Option** means an option to subscribe for the Share.

**Proxy Form** means the proxy form accompanying the Notice.

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

**Section** means a section of the Explanatory Statement.

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

**Shareholder** means a registered holder of a Share.

## SCHEDULE 1 – SUMMARY OF MATERIAL TERMS OF FACILITY AGREEMENT

Facility Agreement	Material Terms
<b>Lender</b>	Clendon Biotech Capital Ltd (ACN 674 054 267)
<b>Borrower</b>	InhaleRX Limited (ACN 611 845 820)
<b>Facility Limit</b>	The Lender will make available to the Borrower up to \$38,475,110 which will be used for clinical trial costs, including the associated non-clinical work and trial drug manufacturing costs in respect of the IRX-211 Facility and the IRX-616a Facility.
<b>Termination Date</b>	<p>The Termination Date is:</p> <p>(a) For the IRX-211 Facility – the date that is 24 months after the earlier of the first drawdown date with the option at the Lender's sole discretion to extend the termination for another 12 months; and</p> <p>(b) For the IRX-616a Facility – the date that is 30 months after the earlier of the first drawdown date with the option at the Lender's sole discretion to extend the termination for a further 12 months.</p>
<b>Repayment</b>	On the Termination Date, the Borrower must pay the principal outstanding and all other secured moneys owing in full to the Lender.
<b>Security Documents</b>	A general security deed dated on or about the date of the Facility Agreement and granted by the Borrower in favour of the Lender over all of its assets and undertaking.
<b>Interest</b>	15.00% per annum
<b>Options</b>	Subject to shareholder approval, the Borrower will issue the Company with 38,449,145 Options on the terms contained in Schedule 2.
<b>Fees</b>	No establishment fee is payable on the facility.

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## SCHEDULE 2 – OPTION TERMS

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### Option Terms

#### (a) Definitions

Capitalised terms used but not defined in these Option Terms have the meanings they have been given in the Facility Agreement.

The following definitions apply in these Option Terms:

<b>CBC</b>	means Clendon Biotech Capital Pty Ltd ACN 674 054 267.
<b>Commencement Date</b>	means the date which is the earlier of: <ul style="list-style-type: none"><li>(i) the date that the Company notifies CBC in writing that it wishes to repay all amounts owing to CBC in respect of the Secured Moneys;</li><li>(ii) 10 Business Days prior to the date on which the repayment of any of the Secured Moneys is due to be paid by the Company to CBC;</li><li>(iii) all of the Secured Moneys are declared by the Lender to be immediately due and payable;</li><li>(iv) the date on which the Company announces to the ASX that:<ul style="list-style-type: none"><li>(A) a takeover bid for the Company's shares has become unconditional; or</li><li>(B) a scheme of arrangement with respect to the Company has been approved by the Court; and</li></ul></li><li>(v) such other date as is agreed in writing by the parties</li></ul>
<b>Company</b>	means InhaleRx Limited ACN 611 845 820.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth).
<b>Exercise Date</b>	means the date the Company receives the Notice of Exercise from CBC.
<b>Exercise Period</b>	means the period commencing on the Commencement Date and expiring on the Expiry Date.
<b>Exercise Price</b>	means the higher of: <ul style="list-style-type: none"><li>(i) 0.025 per Option; and</li><li>(ii) a price equal to 90% of the 90-day volume-weighted average price (VWAP) of the Shares in the Company ending one business day before the date of exercise of an Option,</li></ul>
<b>Expiry Date</b>	means the date which is the earlier of: <ul style="list-style-type: none"><li>(i) ten Business Days following the Commencement Date; or</li><li>(ii) 5 years from the date of issue of the Options.</li></ul>

<b>Facility Agreement</b>	means the Facility Agreement entered into between CBC (as Lender) and the Company (as Borrower) dated on or about [Insert] to which these Option Terms are attached.
<b>Notice of Exercise</b>	has the meaning given to it in paragraph (h).
<b>Option</b>	means an option to subscribe for a Share for the Exercise Price.
<b>Option Holder</b>	has the meaning given to it in paragraph (i).
<b>Related Entity</b>	has the meaning given to that term in the Corporations Act.
<b>Share</b>	means a fully paid ordinary share in the capital of the Company.

**(b) Entitlement**

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

**(c) Subscription price**

The Options will be issued for nil consideration.

**(d) Exercise Price**

The amount payable upon exercise of each Option will be the Exercise Price.

**(e) Commencement Date**

Each Option is exercisable on and from the Commencement Date.

**(f) Expiry Date**

Each Option will expire at 5:00 pm (AEDT) on the Expiry Date. An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

**(g) Exercise Period**

- (i) Each Option is exercisable during an Exercise Period.
- (ii) Subject to paragraph (g)(iii), an Option not exercised during an Exercise Period lapses.
- (iii) If the Commencement Date of the Exercise Period is as a result of:
  - (A) the Facility in respect of IRX 211 maturing and becoming due and payable by the Company to CBC under the Facility Agreement;
  - (B) a Voluntary Prepayment being made under the Facility Agreement;
  - (C) the Lender declaring the Secured Moneys to be immediately due and payable; or

- (D) a takeover bid becoming unconditional or a scheme of arrangement being approved by the Court that does not result in all of the issued shares in the Company being transferred,

then an Option not exercised during the Exercise Period will not lapse and is capable of being exercised by CBC during a subsequent Exercise Period.

#### **(h) Notice of Exercise**

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

#### **(i) Exercise Restrictions**

The number of Options that may be exercised at one time must be not less than 10,000, unless the holder of the Options (**Option Holder**) holds less than 10,000 Options in which case all Options must be exercised at one time.

#### **(j) Exercise Date**

A Notice of Exercise is only effective on and from the Exercise Date.

#### **(k) Timing of issue of Shares on exercise**

Within 5 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for Official Quotation on ASX of Shares issued pursuant to the exercise of the Options as the case may be.

If a notice delivered under paragraph (m) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

#### **(l) Shares issued on exercise**

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

**(m) Reconstruction of capital**

In the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company:

- (i) the number of Options, the Exercise Price of the Options, or both will be reorganised (as appropriate) in a manner consistent with the Listing Rules as applicable at the time of reorganisation, but with the intention that such reorganisation will not result in any benefits being conferred on the Option holders are not conferred on Shareholders; and
- (ii) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of Shareholders approving a reorganisation of capital, in all other respects the terms for the exercise of the Options will remain unchanged.

**(n) Participation in new issues**

- (i) There are no participation rights or entitlements inherent in the Options.
- (ii) CBC will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

**(o) Dividends**

Option Holders do not participate in any dividends unless the Options are exercised and the resultant Shares of the Company are issued prior to the record date to determine entitlements to the dividend.

**(p) Bonus Issue**

If there is a bonus issue to the Shareholders of the Company, the number of Shares over which the Option is exercisable may be increased by the number of Shares which the Option Holder would have received if the Option had been exercised before the record date for the bonus issue.

**(q) Change of Option Terms**

The terms of the Options shall only be changed if the Shareholders (whose votes are not to be disregarded) of the Company approve of such a change. However, unless all necessary waivers of the Listing Rules are obtained, the terms of the Options shall not be changed to reduce the Exercise Price, increase the number of Options or change any period for the exercise of the Options.

**(r) Transferability**

The Options are personal to CBC and are not transferable or assignable, other than to a party that is Related Entity of CBC or to a person to whom all or any part of the Secured Moneys are assigned.

**(s) Set off**

Without any demand or notice, the Lender may, set off and apply any amount that it owes to the Company under paragraph (h) against any money owing to it by the Company under any Finance Document whether

the amount owed by the Lender or the other person is owed by it alone or with any other person and whether or not the amount owed by the Lender or the other person is immediately payable. The Company irrevocably authorises the Lender to do anything necessary (including to sign any document) for the purpose of effecting the set off including by prepaying the Secured Moneys in an amount at least equal to the Exercise Price.