



**NOTICE OF
ELEVENTH ANNUAL GENERAL MEETING**

WHEN: Tuesday 28th October 2014 at 10:30am (AEDT)

WHERE: Deloitte Touche Tohmatsu

Level 10,
550 Bourke St,
Melbourne

MEDICAL DEVELOPMENTS INTERNATIONAL LIMITED ABN 14 106 340 667**NOTICE OF ELEVENTH ANNUAL GENERAL MEETING****Notice of Meeting**

Notice is hereby given that the Annual General Meeting (AGM) of Medical Developments International Limited (the Company) will be held at Level 10, Deloitte Touche Tohmatsu, 550 Bourke St, Melbourne on Tuesday, 28 October 2014 at 10:30am (AEDT).

Ordinary Business**1. Financial Statements and Reports**

To receive and consider the Financial Report, Directors' Report and Auditor's Report for the period ended 30 June 2014.

2. Remuneration Report

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

"That the Remuneration Report, required by section 300A of the Corporations Act, as contained in the Directors' Report for the year ended 30 June 2014, is adopted."

3. Election of Directors

To consider, and if thought fit, to pass the following separate resolutions as ordinary resolutions:

- a) "That Dr. Harry Oxe, being a Director of the Company who retires in accordance with Article 12.4 of the Company's Constitution, and, being eligible, is re-elected as a Director."
- b) "That Mr. Leon Hoare, being a Director of the Company who retires in accordance with Article 12.6 of the Company's Constitution, and, being eligible, is elected as a Director."

By Order of the Board

Mark Edwards

Secretary

24 September 2014

Information for Shareholders

1. Entitlement to attend and vote

On a poll, subject to the Company's Constitution, shareholders have 1 vote for every fully paid ordinary share held.

For the purposes of Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) and the Company's Constitution, the Directors have determined that the voting entitlements for the purposes of the Meeting will be based on the registered holdings as at 10:30am (AEDT) on Sunday, 26 October 2014. You may vote by attending the Meeting in person, by proxy, attorney or authorized representative.

2. Entitlement to attend and vote

Each Shareholder has the right to appoint a proxy. A proxy need not be a Shareholder.

A proxy form and envelope have been enclosed for Shareholders with this Notice. If an additional proxy form is required, the Company's share registry, Computershare Investor Services Pty Limited, will supply it on request (telephone: +61 3 9415 4000).

A Shareholder, who is entitled to cast 2 or more votes, may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no such proportion or number is specified, each proxy may exercise half of your votes. Fractions of votes will be disregarded.

Proxies given by corporate Shareholders must be executed in accordance with the constitutions or under the hand of a duly authorized officer or attorney.

To be effective, the Company must receive the completed proxy form and, if the form is signed by the Shareholder's attorney, the authority under which the proxy form is signed (or a certified copy of the authority), at least 48 hours before the AGM:

- at its share registry, Computershare Investor Services Pty Limited, 452 Johnston Street, Abbotsford VIC 3067, Australia or by facsimile on fax number 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

Any revocations of proxies must be received at the share registry before the commencement of the Meeting, or at the registration desk for the Meeting at Level 10, Deloitte Touche Tohmatsu, 550 Bourke Street, Melbourne, Victoria, Australia.

For more information concerning the appointment of proxies, please refer to the reverse side of the enclosed proxy form.

3. Custodian Voting

For intermediary online subscribers only (custodians), please visit www.intermediaryonline.com to submit your voting intentions.

4. Voting in Person

Shareholders, or their attorneys, who plan to attend the Meeting are asked to arrive at the venue 30 minutes prior to the time designated for the Meeting, if possible, so that their holding may be checked against the share register and attendances recorded. Attorneys should bring with them an original or certified copy of the power of attorney under which they have been authorized to attend and vote at the Meeting.

A corporation, which is a shareholder, may appoint an individual to act as its representative and to vote in person at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment, including any authority which it is signed, unless previously given to the Company's share registry.

5. Voting Intentions

Subject to any voting restrictions and exclusions, the Chairman intends to vote in favour of all resolutions on the agenda.

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

In relation to Item 2 (Adoption of Remuneration Report) if you have not marked the 'For', 'Against' or 'Abstain' boxes you will have expressly authorised the Chairman of the Meeting to vote in favour of this resolution, even though this item is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. If you do not wish to give the Chairman of the Meeting such a directed proxy, you should ensure that a box other than the 'For' box is clearly marked.

6. Definitions

Words that are defined in the Glossary have the same meaning when used in this Notice unless the context requires, or the definitions in the Glossary provide, otherwise.

7. Recent Amendments

Amendments to the Corporations Act have been made which apply to proxy voting for this Meeting. Broadly, the changes mean 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 Chairman of the Meeting, who must vote the proxies as directed.

Proxy vote if appointment specifies way to vote

The new section 250BB provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way; and
- if the proxy has two or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the Chairman of the Meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the Chairman of the Meeting – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

The new section 250BC provides that,

- if an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the Chairman of the Meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the Chairman of the Meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at that meeting.

Explanatory Notes on the Items of Business

Item 1 - Financial Statements and Reports

Section 317 of the *Corporations Act 2001* requires that the report of the Directors, the report of the Auditor and the Financial Statements of the Company be presented at the Annual General Meeting.

Neither the *Corporations Act 2001* nor the Company's Constitution requires a vote of shareholders at the AGM to adopt such reports. However, shareholders will be asked to receive and consider the reports and will be given the opportunity to raise questions with respect to these reports at the AGM.

Item 2 - Adoption of the Remuneration Report

Pursuant to section 250R of the Corporations Act, a resolution must be put to the Shareholders that the Remuneration Report be adopted. The vote on this resolution is advisory only and does not bind the Directors or the Company. The Board will, however take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

The Remuneration Report is set out on pages 24 to 29 of the Company's 2014 Annual Report:

- explains the Board's policies in relation to the nature and level of remuneration paid to Directors and the key management personnel of the Company;
- Discusses the link between the Board's remuneration policies and the Company's performance;
- Provides a summary of performance conditions applicable to the Directors and the key management personnel of the Company, explaining why they were chosen and how performance is measured against them;
- Sets out remuneration details for each Director, the key executives of the Company; and
- Makes clear that the basis of remunerating non-executive Directors is distinct from the basis for remunerating executives, including the Chief Executive Officer.

A reasonable opportunity will be provided to the members as a whole to ask questions about or make comments on the Remuneration Report at the Meeting.

Pursuant to section 250R of the Corporations Act, a resolution must be put to the Shareholders that the Remuneration Report be adopted. However if at least 25% of the votes cast on the resolution at the Company's 2014 annual general meeting is against adoption of the report then:

- If comments are made on the report at the Annual General Meeting, the Company's remuneration report for the financial year ending 30 June 2014 will be required to include an explanation of the Board's proposed action in response or, if no action is proposed, the Board's reason for this; and
- If at the Company's 2015 annual general meeting, at least 25% of the votes cast on the resolution for adoption of the remuneration report for the relevant financial year are against its adoption, the Company will be required to put to shareholders a resolution proposing that a general meeting (**Spill Meeting**) be called to consider the election of directors of the Company (**Spill Resolution**). The Spill Meeting must be called to consider the election of directors of the Company (**Spill Resolution**). The Spill Meeting must be held within 90 days of the date of the 2015 annual general meeting. For any Spill Resolution to be passed, more than 50% of the votes cast on the resolution must be in favour of it. If a Spill Resolution is passed, all of the directors (other than any managing director) will cease to hold office immediately before the end of the Spill Meeting unless re-elected at that meeting.

Noting each Director has a personal interest in their remuneration from the Company, as described in the Remuneration Report, the Board unanimously recommends that the Shareholders vote in favour of adopting the Remuneration Report.

Voting Prohibition Statement

In accordance with Section 250R(4) of the Corporations Act, the Company will disregard any votes cast in respect of the resolution in item 2 by:

- (a) A member of the key management personnel (KMP), details of whose remuneration are included in the remuneration report, or
- (b) A closely related party of such a member.

However, the Company need not disregard a vote in respect of the resolution in Item 2 if it is cast by a person as proxy appointed by writing that directs the proxy how to vote on Item 2, and the vote is not cast on behalf of a member of the KMP, details of whose remuneration are included in the remuneration report or a closely related party of such a member.

If you are a member of the KMP or a Closely Related Party (or are acting on behalf of any such person) and purport to cast a vote that will be disregarded by the Company (as indicated above), you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.

Please note that persons referred to in paragraph (a) and (b) above, including the Chairman cannot vote on Item 2 as proxy unless given voting directions on the proxy form. Please direct your proxy how to vote by crossing the 'For', 'Against' box for Item 2 on the proxy form. If you have not marked the 'For', 'Against' or 'Abstain' boxes you will have expressly authorised the Chairman of the Meeting to vote in favour of this resolution, even though this item is connected directly or indirectly with the remuneration of a member of the KMP.

Item 3(a) –Election of Director

The Company's Constitution (article 12.4) requires that one third of the Directors, excluding the Managing Director, (or if that number is not 3 or a multiple of 3, then the number nearest one third) retire at each AGM. The Company's Constitution (article 12.4) also provides that each Director who has been in office for 3 years or more since that Director's election or last re-election retires at the AGM.

Dr. Harry Oxer retires pursuant to article 12.4, and, being eligible, offers himself for re-election.

Item 3(b) –Election of Director

The Company's Constitution (article 12.6) requires that any Director appointed to fill a casual vacancy retire at the next AGM. Mr. Leon Hoare was appointed to a casual vacancy on 27 September 2013. Mr Hoare is the Managing Director of Smith & Nephew in Australia & New Zealand (covering all Divisions), which is one of the company's largest global subsidiaries (outside the USA). In his 23 years with Smith & Nephew, he has held roles in Marketing, Divisional and General Management, and was most recently Asia Pacific President of the Advanced Wound Management (AWM) Division, before advancing to the Managing Director role in 2014. He has also been a member of the Global Executive Management for the AWM Division of Smith & Nephew for the past 5 years. External to Smith & Nephew, Leon previously held board roles with Australia's peak medical device body, Medical Technology Association of Australia (MTAA).

Mr. Leon Hoare retires pursuant to article 12.6, and, being eligible, offers himself for election.

The Board unanimously recommends that the Shareholders vote in favour of Items 3a and 3b.

Glossary

In this Notice and Explanatory Memorandum:

Annual General Meeting means the annual general meeting of the Company to be held on Tuesday, 28 October 2014 at 10:30am (AEDT) at Level 10, Deloitte Touche Tohmatsu, 550 Bourke Street, Melbourne, Victoria, Australia.

ASX means ASX Limited ACN 106 340 667, or, as the context requires, the financial market operated by it;

ASX Listing Rules means the listing rules of the ASX;

Board means the board of Directors of the Company;

Closely Related Party means, in relation to a member of a KMP, any of the following:

- A spouse, child or dependent of the member;
- A child or dependent of the member's spouse;
- Anyone else who is one of the member's family and may be expected to influence, or be influenced, by the member in the member's dealings with the Company;
- A company in the member controls; or
- A person prescribed by regulations (as at the date of this notice, no additional persons have been prescribed by regulation).

Company means Medical developments International Limited ACN 106 340 667;

Corporations Act means *Corporations Act 2001*;

Directors mean the directors of the Company and **Director** means any of them;

Explanatory Memorandum means the explanatory memorandum that accompanies, and is incorporated as part of, this Notice;

FY means financial year, being a year ending 30 June;

Glossary means this glossary;

KMP means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, whether directly or indirectly. Members of key management personnel include its directors and certain senior executives.

Meeting means the annual general meeting and the explanatory notes;

Resolution means a resolution set out in the Notice of Meeting;

Share means a fully paid ordinary share in the Company; and

Shareholder means a holder of at least one Share.