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## **VIRAX HOLDINGS LIMITED**

**ACN 006 569 106**

### **NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 11:00 am EDT

**DATE:** 28 November 2014

**PLACE:** Chartered Accountants, Level 3 Bourke Place, 600 Bourke Street,  
Melbourne, VIC, 3000

*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 Independent Expert has concluded that the transaction the subject of Resolution 8 outlined in this Notice of Annual General Meeting is not fair but reasonable to non-associated Shareholders. All Shareholders should refer to the Independent Expert's Report enclosed with this Notice of Annual General Meeting.

*Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9486 2333.*

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## IMPORTANT INFORMATION

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### Time and place of Meeting

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Notice is given that the Meeting will be held at 11:00 am EDST on 28 November 2014 at:  
Chartered Accountants, Level 3 Bourke Place, 600 Bourke Street, Melbourne, VIC, 3000

### Your vote is important

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

### Voting eligibility

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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 7:00 pm (EDST) on 26 November 2014.

### Voting in person

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To vote in person, attend the Meeting at the time, date and place set out above.

### 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 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 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 changes to the Corporations Act made in 2011 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 Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

#### ***Proxy vote if appointment specifies way to vote***

Section 250BB(1) of the Corporations Act 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 (ie as directed); and
- if the proxy has 2 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 chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

#### ***Transfer of non-chair proxy to chair in certain circumstances***

Section 250BC of the Corporations Act 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 chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting; or
  - the proxy does not vote on the resolution,

the chair 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 the meeting.

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## BUSINESS OF THE MEETING

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### AGENDA

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#### FINANCIAL STATEMENTS AND REPORTS

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To receive and consider the annual financial report of the Company for the financial year ended 30 June 2014 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

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#### 1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

*"That, for the purposes 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 30 June 2014."*

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

**Voting Prohibition Statement:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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#### 2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – BRENDAN DE KAUWE

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

*"That, for the purpose of clause 13.2 of the Constitution and for all other purposes, Brendan De Kauwe, a Director, retires by rotation, and being eligible, is re-elected as a Director."*

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### 3. RESOLUTION 3 –ELECTION OF DIRECTOR – ROBERT CROMBIE

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

*“That, for the purpose of clause 13.4 of the Constitution and for all other purposes, Robert Crombie, a Director who was appointed as an additional Director on 16 June 2014, retires, and being eligible, is elected as a Director.”*

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### 4. RESOLUTION 4 –ELECTION OF DIRECTOR – PAUL HOPPER

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

*“That, for the purpose of clause 13.4 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Paul Hopper, a Director who was appointed casually on 30 May 2014, retires, and being eligible, is elected as a Director.”*

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### 5. RESOLUTION 5 – CHANGE OF NAME

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

*“That, for the purposes of section 157(1)(a) of the Corporations Act and for all other purposes, approval is given for the name of the Company to be changed to “Prescient Therapeutics Limited”.”*

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### 6. RESOLUTION 6 – ISSUE OF OPTIONS TO ROBERT CROMBIE

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

*“That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 40,000,000 Options (on a pre-Consolidation basis) or 2,000,000 Options (on a post-Consolidation basis) to Robert Crombie (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Robert Crombie (or his nominee) or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

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

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## 7. RESOLUTION 7 – APPROVAL OF 10% PLACEMENT CAPACITY

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

*“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 8. RESOLUTION 8 – ISSUE OF CONSIDERATION SHARES TO RELATED PARTIES AND INCREASE OF VOTING POWER

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

*“That, subject to and conditional on the passing of Resolution 9, for the purposes of Sections 208 and 611 (Item 7) of the Corporations Act, ASX Listing Rules 10.1 and 10.11 and for all other purposes, approval is given for:*

- (a) the Company to acquire all the shares in AKTivate held by the Hopper Parties, pursuant to and in accordance with the terms of the Agreement;*
- (b) the Company to issue up to 191,666,667 Consideration Shares (on a pre-Consolidation basis) or 9,583,342 Consideration Shares (on a post-Consolidation basis) to the Hopper Parties in accordance with the terms of the Agreement; and*
- (c) an increase in the Hopper Parties' and their associates' voting power in the Company from 3.87% up to a maximum of 25.04% as a result of the issue of the Consideration Shares and assuming the Deferred Pathway Acquisition Shares are all issued,*

*on the terms and conditions set out in the Explanatory Statement.”*

**Independent Expert's Report:** Shareholders should carefully consider the report prepared by Stantons International for the purposes of the Shareholder approval under Section 611 (Item 7) of the Corporations Act and Listing Rule 10.1. The Independent Expert's Report comments on the fairness and reasonableness of the transaction the subject of this Resolution to the non-associated Shareholders in the Company.

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by the parties to the Transaction, including the Hopper Parties, and any of their associates. However the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**9. RESOLUTION 9 – ISSUE OF CONSIDERATION SHARES TO UNRELATED PARTIES**

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

*"That, subject to and conditional on the passing of Resolution 8, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 42,333,333 Consideration Shares (on a pre-Consolidation basis) or up to 2,116,667 Consideration Shares (on a post-Consolidation basis) to AKTivate shareholders (or their nominees) which are not related parties of the Company on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**10. RESOLUTION 10 – CONSOLIDATION OF CAPITAL**

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

*"That, pursuant to section 254H of the Corporations Act and for all other purposes, the issued capital of the Company be consolidated on the basis that:*

- (a) every 20 Shares be consolidated into 1 Share; and*
- (b) every 20 Options be consolidated into 1 Option,*

*and, where this Consolidation results in a fraction of a Share or an Option being held, the Company be authorised to round that fraction up to the nearest whole Share or Option (as the case may be)."*

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**11. RESOLUTION 11 – SPILL RESOLUTION**

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

*"That, for the purposes of section 250V(1) of the Corporations Act and for all other purposes, approval is given for:*

- (a) the Company to hold another meeting of Shareholders within 90 days of the date of this Meeting (**Spill Meeting**); and*
- (b) all Vacating Directors to cease to hold office immediately before the end of the Spill Meeting; and*

- (c) resolutions to appoint persons to offices that will be vacated pursuant to (b) to be put to vote at the Spill Meeting."

**Voting Prohibition Statement:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:


- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

**Dated: 20 October 2014**

**By order of the Board**



**Mr Sean Henbury**  
**Company Secretary**



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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.

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### 1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2014 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at [www.virax.com.au](http://www.virax.com.au).

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

#### 2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

#### 2.2 Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

## 2.3 Previous voting results

The Company has not held annual general meetings for the 2012 and 2013 financial years, due to its voluntary administration. The Company has called for those annual general meetings to be held immediately prior to this Meeting. If at least 25% of the votes cast on the Remuneration Report resolution are voted against adoption of the remuneration reports for the 2013 and 2014 financial years, the Spill Resolution will be relevant for this Annual General Meeting. Refer to Resolution 11 for further information.

## 2.4 Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

Proxy	Directed	Undirected
Key Management Personnel <sup>1</sup>	Voted	Not voted <sup>3</sup>
Chair <sup>2</sup>	Voted	Voted at discretion of Proxy <sup>4</sup>
Other	Voted	Voted at discretion of Proxy

### Notes:

1. Refers to Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member.
2. Refers to the Chair (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report), or a Closely Related Party of such a member).
3. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.
4. The Proxy Form notes it is the Chair's intention to vote all undirected proxies in favour of all Resolutions.

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## 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – BRENDAN DE KAUWE

Clause 13.2 of the Constitution provides that:

- (a) at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election;
- (b) the Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots;
- (c) a Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election; and

- (d) in determining the number of Directors to retire, no account is to be taken of:
- (i) a Director who only holds office until the next annual general meeting pursuant to clause 13.4 of the Constitution; and/ or
  - (ii) a Managing Director,

each of whom are exempt from retirement by rotation. However, if more than one Managing Director has been appointed by the Directors, only one of them (nominated by the Directors) is entitled to be excluded from any determination of the number of Directors to retire and/or retirement by rotation.

The Company currently has five (5) Directors (including Paul Hopper and Robert Crombie who were appointed casually in 2014) and accordingly one (1) must retire.

Brendan De Kauwe retires by rotation and seeks re-election. Dr De Kauwe was first appointed as a Director on 30 August 2013.

Information on the qualifications, skills and experience of Dr De Kauwe are as follows.

Dr de Kauwe studied a Bachelor of Science and Bachelor of Dental Surgery of the University of Western Australia. He also holds a Post Graduate Diploma in Applied Finance, majoring in Corporate Finance, is currently completing his Masters in Applied Finance and is also an ASIC compliant (RG1 46) Securities Advisor.

Dr de Kauwe's extensive science and bio-medical background with more than 10 years' experience in the health sector; coupled with his finance background, gives him an integral understanding in the evolution of projects over a diverse range of sectors.

The Board has considered Dr De Kauwe's independence and considers that he is an independent Director.

The Directors, other than Dr De Kauwe, support the re-election of Dr De Kauwe and recommend that Shareholders vote in favour of Resolution 2.

Dr De Kauwe is currently the Executive Chairman of ASX listed Actinogen Limited (ASX:ACW).

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#### **4. RESOLUTIONS 3 & 4 – ELECTION OF DIRECTORS**

Clause 13.4 of the Constitution allows the Directors to appoint at any time a person to be a Director as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to clause 13.4 of the Constitution and ASX Listing Rule 14.4, any Director so appointed holds office only until the next following annual general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

Dr Crombie and Mr Hopper having been appointed on 16 June 2014 and 30 May 2014 respectively, will each retire in accordance with clause 13.4 of the Constitution and, in the case of Mr Hopper, ASX Listing Rule 14.4 (which rule doesn't apply to Dr Crombie as he is the Company's Managing Director), and being eligible, seek election from Shareholders.

Information on the qualifications, skills and experience of Dr Crombie are as follows.

Dr Crombie has held senior management roles at Arana Therapeutics, and EvoGenix Limited. He has also been a consultant providing specialist advice to start up innovation companies.

Previously as Head of Melbourne Operations for Antibody drug development company Arana Therapeutics, Rob played a key role in Arana's success, from its start up phase as EvoGenix, through its successful IPO on the ASX, merger with fellow Australian company Peptech to form Arana, culminating in Arana's \$318M acquisition by Cephalon.

Dr Crombie has also worked in the UK biotechnology sector, helping transition Cobra Therapeutics, a gene therapy start-up company, into drug delivery company ML Laboratories (now Vectura Group).

The Board has considered Dr Crombie's independence and considers that he is not an independent Director.

The Directors, other than Dr Crombie, support the election of Dr Crombie and recommend that Shareholders vote in favour of Resolution 3.

Information on the qualifications, skills and experience of Mr Hopper are as follows.

Mr Hopper is a Los Angeles based biotechnology executive. He brings more than 20 years experience in international public company markets, primarily in the life sciences sector.

He is an advisor to Los Angeles based investment bank Cappello Group, in particular to the Life Sciences and Australia Desks at that institution. He is Chairman of the American Australian Association in California.

The Board has considered Mr Hopper's independence and considers that he is not an independent Director.

The Directors, other than Mr Hopper, support the election of Mr Hopper and recommend that Shareholders vote in favour of Resolution 4.

Mr Hopper is currently a director of two other public companies. He is the Executive Chairman of Imugene Ltd and the Chairman of Viralytics Ltd. He is also the Chairman of the California Chapter of American Australian Association.

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## **5. RESOLUTION 5 – CHANGE OF NAME**

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name.

Resolution 5 seeks Shareholder approval for the Company to change its name to "Prescient Therapeutics Limited".

If Resolution 5 is passed the change of name will take effect when ASIC alters the details of the Company's registration.

The Board considers that a name change is appropriate to reflect the fact that the Company has been recapitalised and has undergone a change of directors and management.

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## **6. RESOLUTION 6 – ISSUE OF OPTIONS TO ROBERT CROMBIE**

### **6.1 General**

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 40,000,000 Options to Robert Crombie (or his nominee) on the terms and conditions set out below.

Resolution 6 seeks Shareholder approval, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, for the issue to Robert Crombie (or his nominee) of 40,000,000 Options (on a pre-Consolidation basis) or 2,000,000 Options (on a post-Consolidation basis), on the terms and conditions set out in this Notice of Meeting.

### **6.2 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:

- (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.

The issue of the Options to Robert Crombie (or his nominee) constitutes giving a financial benefit, and, as a Director, Robert Crombie is a related party of the Company.

It is the view of the Directors that the exceptions set out in Sections 210 to 216 of the Corporations Act do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of the Options to Robert Crombie (or his nominee).

### **6.3 ASX Listing Rule 10.11**

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies. It is the view of the Directors that an exception set out in ASX Listing Rule 10.12 does not apply.

The issue of the Options to Robert Crombie (or his nominee) involves the issue of securities to a related party of the Company and accordingly, approval is sought from Shareholders for the purposes of ASX Listing Rule 10.11.

#### **6.4 Technical Information required by Chapter 2E of the Corporations Act and ASX Listing Rule 10.13**

Pursuant to and in accordance with the requirements of Sections 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of Options:

- (a) the related party is Robert Crombie and his nominee, Crombie Enterprises (VIC) Pty Ltd as trustee for the Crombie Family Trust, which is a related party of the Company as it is controlled by Robert Crombie and he is a related party by virtue of being a Director of the Company;  
  
the maximum number of Options (being the nature of the financial benefit being provided) to be issued to Robert Crombie (or his nominee) is 40,000,000 Options (on a pre-Consolidation basis) or 2,000,000 Options (on a post-Consolidation basis);
- (b) the Options will be issued to Robert Crombie (or his nominee Crombie Enterprises (VIC) Pty Ltd as trustee for the Crombie Family Trust) no later than 1 month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Options will be issued on one date;
- (c) the Options will be issued for nil cash consideration, accordingly no funds will be raised;
- (d) the terms and conditions of the Options are set out in Schedule 1. These terms were determined by the Board as applying to Options on a pre-Consolidation basis. If Resolution 10 is passed and the Consolidation occurs, the terms and conditions set out in Schedule 1 will not change other than that the exercise price provided in the terms will be twenty (20) times the price equal to the closing price of the Shares on the date that Shareholder approval for the issue of the Options is obtained and the number and vesting conditions of the Options will be amended as follows:
  - (i) Tranche 1 – 500,000 options will vest if the Share price equals or exceeds thirty cents (\$0.30) over ten (10) Trading Days in any twenty (20) sequential Trading Days out of sixty (60) days at any time after the issue;
  - (ii) Tranche 2 - 500,000 Options will vest if the Share price equals or exceeds sixty cents (\$0.60) over ten (10) Trading Days in any twenty (20) sequential Trading Days out of sixty (60) days either side of the date which is one year after the date of issue of the Options and if Robert Crombie is still an employee of the Company two (2) years after the issue of the Options;
  - (iii) Tranche 3 - 500,000 Options will vest if the Share price equals or exceeds eighty cents (\$0.80) over ten (10) Trading Days in any twenty (20) sequential Trading Days out of sixty (60) days either side of the date which is two years after the date of issue of the Options and if Robert Crombie is still an employee of the Company three (3) years after the issue of the Options; and

- (iv) Tranche 4 - 500,000 Options will vest if the Share price equals or exceeds one dollar twenty cents (\$1.20) over ten (10) Trading Days in any twenty (20) sequential Trading Days out of sixty (60) days either side of the date which is three (3) years after the date of issue of the Options and if Robert Crombie is still an employee of the Company four (4) years after the issue of the Options;
- (e) the value of the Options and the pricing methodology is set out in Schedule 2;
- (f) Robert Crombie's relevant interests in securities of the Company are set out below:

<b>Related Party</b>	<b>Shares</b>	<b>Options</b>
Robert Crombie	Nil	Nil

- (g) the remuneration and emoluments from the Company to Robert Crombie for both the current financial year and previous financial year are set out below (inclusive of superannuation):

<b>Related Party</b>	<b>Current Financial Year</b>	<b>Previous Financial Year</b>
Robert Crombie	\$300,437	\$12,347

- (h) if the Options issued to Robert Crombie (or his nominee) are exercised, a total of 40,000,000 Shares would be issued (on a pre-Consolidation basis) or 2,000,000 Shares on a post-Consolidation basis. the issue of the Options will have a dilutionary effect on Shareholders if some or all of the Options are exercised. The Company currently has 920,947,371 Shares on issue. If all of the Options issued to Robert Crombie (or his nominee) are exercised, (assuming that, no other Shares are issued or Options exercised) the Company will have a total of 960,947,371 Shares on issue (on a pre-Consolidation basis), or if Resolution 10 is passed and the Consolidation occurs but no other Shares are issued other than upon exercise of the Options pursuant to Resolution 6, the Company will have approximately 48,047,369 Shares on issue (on a post-Consolidation basis) resulting in a dilutionary effect on existing Shareholders of 4.16%;
- (i) the market price for Shares during the term of the Options would normally determine whether or not the Options are exercised. If, at any time any of the Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Options, there may be a perceived cost to the Company;
- (j) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	<b>Price</b>	<b>Date</b>
Highest	2 cents	7 February 2014
Lowest	0.5 of a cent	various dates in September and October 2014
Last	0.7 of a cent	17 October 2014

- (k) the primary purpose of the issue of the Options to Robert Crombie (or his nominee) is to provide a market linked incentive package in his capacity as Managing Director and to motivate and reward Robert Crombie for the future performance by him in this role;
- (l) Robert Crombie declines to make a recommendation to Shareholders in relation to Resolution 6 due to his material personal interest in the outcome of the Resolution on the basis that he (or his nominee) is to be issued Options in the Company should Resolution 6 be passed;
- (m) Each of Wayne Millen, Paul Hopper, Roland Toder and Brendan de Kauwe recommends that Shareholders vote in favour of Resolution 6 for the following reasons:
  - (i) the issue of Options to Robert Crombie (or his nominee) will align the interests of Robert Crombie with those of Shareholders;
  - (ii) the issue of the Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Robert Crombie; and
  - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options upon the terms proposed;
- (n) with the exception of Robert Crombie, no other Director has a personal interest in the outcome of Resolution 6;
- (o) in forming their recommendations, each Director considered the experience of Robert Crombie, the current market price of Shares, the current market practices when determining the number of Options to be issued as well as the exercise price and expiry date of those Options; and
- (p) the Board 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.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Options to Robert Crombie as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of the Options to Robert Crombie will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

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## **7. RESOLUTION 7 – APPROVAL OF 10% PLACEMENT CAPACITY– SHARES**

### **7.1 General**

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital (**10% Placement Capacity**).

The Company is an Eligible Entity.



If Shareholders approve Resolution 7, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in Section 7.2 below).

The effect of Resolution 7 will be to allow the Company to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

Resolution 7 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 7 for it to be passed.

## **7.2 ASX Listing Rule 7.1A**

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$6,446,632.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has one (1) class of quoted Equity Securities on issue, being the Shares (ASX Code: VHL).

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

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

Where:

- A** is the number of Shares on issue 12 months before the date of issue or agreement:
- (i) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
  - (ii) plus the number of partly paid shares that became fully paid in the previous 12 months;
  - (iii) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid ordinary shares under

the entity's 15% placement capacity without shareholder approval; and

(iv) less the number of Shares cancelled in the previous 12 months.

**D** is 10%.

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

### **7.3 Technical information required by ASX Listing Rule 7.1A**

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 7:

**(a) Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in Section 7.3(a)(i), the date on which the Equity Securities are issued.

**(b) Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

**(10% Placement Capacity Period).**

**(c) Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 7 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A.2, on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

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

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A.2)	Dilution			
	Issue Price (per Share)	\$0.0035 50% decrease in Issue Price	\$0.007 Issue Price	\$0.014 100% increase in Issue Price
1,054,947,371 (Current Variable A)	Shares issued - 10% voting dilution	105,494,737 Shares	105,494,737 Shares	105,494,737 Shares
	Funds raised	\$369,232	\$738,463	\$1,476,926
1,582,421,057 (50% increase in Variable A)	Shares issued - 10% voting dilution	158,242,106 Shares	158,242,106 Shares	158,242,106 Shares
	Funds raised	\$553,847	\$1,107,695	\$2,215,389
2,109,894,742 (100% increase in Variable A)	Shares issued - 10% voting dilution	210,989,474 Shares	210,989,474 Shares	210,989,474 Shares
	Funds raised	\$738,463	\$1,476,926	\$2,953,853

\*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

**The table above uses the following assumptions:**

- There are currently 1,054,947,371 Shares on issue comprising:
  - 920,947,371 existing Shares as at the date of this Notice of Meeting; and
  - 134,000,000 Shares (on a pre-Consolidation basis) which will be issued if Resolutions 8 and 9 are passed but the Milestones have not been reached (although the Company makes no forecast as to whether a Milestone will be reached and refers Shareholders to Section 8 below for further information).
- The issue price set out above is the closing price of the Shares on the ASX on 17 October 2014.
- The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.

4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options (including those proposed to be issued pursuant to Resolution 6) are exercised into Shares before the date of issue of the Equity Securities.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.
10. The table was prepared on a pre-Consolidation basis and assumes that all Shares proposed to be issued pursuant to Resolutions 8 and 9 are issued on a pre-Consolidation basis, although that may not be the case.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

**(d) Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for the acquisition of new assets and investments (including expenses associated with such an acquisition), continued expenditure in relation to the Company's existing biotechnology projects and potential future projects including expenditure on developing AKTivate's business if the Transaction is completed and for general working capital purposes; or
- (ii) as non-cash consideration for the acquisition of new assets and investments and in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

**(e) Allocation policy under the 10% Placement Capacity**

The Company's allocation policy for the issue of Equity Securities under the 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed placement(s).

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

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

(f) **Previous approval under ASX Listing Rule 7.1A**

The Company has not previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A.

(g) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

## **7.4 Voting Exclusion**

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 7.

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## 8. BACKGROUND TO THE TRANSACTION

The Company has entered into a binding share sale and purchase agreement (**Agreement**) pursuant to which it has agreed to conditionally acquire 100% of the issued share capital of an Australian proprietary company called AKTivate Therapeutics Pty Ltd (ACN 168 507 202) (**AKTivate**), an entity controlled by Mr Paul Hopper, a Director of the Company (**Transaction**).

AKTivate has entered into a Definitive Licence Agreement (**Definitive Licence Agreement**) to conditionally acquire an exclusive worldwide sub-licence (**Sub-licence**) of certain intellectual property from Cahaba Pharmaceuticals LLC, EIN-26-3991510 (**Cahaba**). The Definitive Licence Agreement is conditional on the Shareholders approving the Company's acquisition of the entire share capital in AKTivate on conditions acceptable to AKTivate, which is the subject of Resolutions 8 and 9.

The intellectual property the subject of the Sub-licence includes patents and patent applications regarding the proprietary novel drug Triciribine Phosphate Monohydrate (**TCN-P**), which is currently in two clinical studies (Phase I/II breast cancer trial at Albert Einstein/Montefiore Medical Centre and Phase I/II ovarian cancer trial at Moffitt Cancer Centre) (**Intellectual Property**). This Intellectual Property is sub-licensed to Cahaba from VioQuest Pharmaceuticals, Inc. (**VioQuest**) which itself is a licensee of the Intellectual Property from the University of South Florida Research Foundation, Inc (**University**).

The purpose of the Transaction is for the Company, through its proposed ownership of AKTivate, to seek to acquire the Sub-licence, consistent with the Company's existing oncology assets and business strategy.

### 8.1 The Intellectual Property

The patent rights contained in the Intellectual Property patent portfolio include TCN-P and methods of treatment and various combination products. The patent portfolio includes seven (7) issued United States patents and various pending United States patent applications. The Intellectual Property also includes patent applications pending in major international markets including Canada, Europe, Japan, and Korea.

The scope of the Sub-licence proposed to be provided to AKTivate covering the Intellectual Property is an exclusive, royalty-bearing, worldwide sub-licence, with rights to sub-licence. AKTivate is also obliged to pay milestone payments to Cahaba pursuant to the Definitive Licence Agreement upon achievement of milestones and an upfront fee of US\$300,000 to Cahaba (the latter of which the Company has agreed to pay, pursuant to the Agreement, immediately following settlement of the Transaction, if that occurs).

### 8.2 Consultation with ASX – Chapter 11 of the ASX Listing Rules

Following consultation by the Company with ASX, ASX has confirmed in writing to the Company that, based solely on the information provided to ASX by the Company, ASX does not require the Company to re-comply with Chapters 1 and 2 of the Listing Rules pursuant to ASX Listing Rule 11.1.3 or to obtain Shareholder approval pursuant to ASX Listing Rule 11.1.2 in relation to the Transaction.

### 8.3 Conditions precedent

Completion of the Transaction is conditional upon the satisfaction (or waiver by the Company) of the following outstanding conditions precedent (**Conditions**):

- (a) the Company receiving from the University and VioQuest, one or more letters of acknowledgement in relation to certain matters relating to the Sub-licence;
- (b) the parties to the Agreement obtaining all shareholder, statutory and regulatory approvals required to undertake the Transaction or that are required by the Company;
- (c) the parties obtaining, in a form reasonably satisfactory to the Company, all third party consents or waivers which are, in the opinion of the Company, necessary or desirable to complete the Transaction (including but not limited to confirmations or waivers of the ASX Listing Rules);
- (d) the Company considering that it is under no obligation, statutory or otherwise, to issue a disclosure document pursuant to the Corporations Act or an equivalent document under foreign laws in order to offer to issue Shares in accordance with the Transaction;
- (e) restriction agreements are entered into by the AKTivate shareholders (and where necessary their controllers) in relation to the Tranche 1 Shares and Tranche 2 Shares to the extent required under Chapter 9 of the ASX Listing Rules (if applicable);
- (f) the Company giving notice to AKTivate confirming that it is satisfied that no material adverse effects have occurred with respect to certain aspects of the Transaction;
- (g) AKTivate acquires the Sub-licence as licensee; and
- (h) if applicable, each of AKTivate's shareholders waiving all pre-emptive or other rights over any AKTivate shares conferred by the constituent documents of AKTivate, any shareholders agreement relating to AKTivate shares or in any other way (if any).

If the Conditions are not satisfied (or waived by the Company) by 31 January 2015 (or such other date agreed between the Company and AKTivate), the Agreement may be terminated by any party to it and the Transaction would not occur pursuant to the Agreement, unless the parties agree otherwise.

### 8.4 Consideration

Subject to the satisfaction (or waiver by the Company) of the Conditions set out in Section 8.3 above, the consideration to be paid to the AKTivate shareholders for 100% of the issued share capital of AKTivate will be satisfied through the issue by the Company of up to the following number of Shares (together the **Consideration Shares**):

- (a) the issue of 134,000,000 (on a pre-Consolidation basis) or 6,700,005 (on a post-Consolidation basis) Consideration Shares, with a deemed issue price of AU\$0.01 per Share on a pre-Consolidation basis or AU\$0.20 per Share on a post-Consolidation basis, to be issued upon completion of the Transaction to AKTivate shareholders in the proportions set out in

Sections 9.3(a) and 10.2(d) of this Explanatory Statement (**Tranche 1 Shares**); and

- (b) subject to the satisfaction of any one or more of:
- (i) Milestone 1 – TCN-P successfully causing an Overall Response Rate for ovarian cancer treatment of 30% or greater for AKTivate's ovarian cancer trial of at least 30 patients and with an Acceptable Safety Profile within two years after settlement of the Transaction;
  - (ii) Milestone 2 – TCN-P successfully causing a Pathologic Complete Response Rate for breast cancer treatment of 50% or greater for AKTivate's breast cancer trial of at least 30 patients and with an Acceptable Safety Profile within two years after settlement of the Transaction; and
  - (iii) Milestone 3 – TCN-P successfully causing an Overall Response Rate for Leukaemia of 40% for AKTivate's Leukaemia trial of at least 30 patients and with an Acceptable Safety Profile within two years after settlement of the Transaction,

(together the **Milestones**) the issue of 100,000,000 (on a pre-Consolidation basis) or 5,000,004 (on a post-Consolidation basis) Consideration Shares (**Tranche 2 Shares**) to the Hopper Parties (as defined in clause 9.2), in the proportions set out in Section 9.3(a) of this Explanatory Statement, within 10 Business Days after the first satisfaction of one or more of the Milestones. The Company has applied for a waiver from ASX Listing Rule 10.13.3 to permit the issue of the Tranche 2 Shares up to two years after settlement of the Transaction, but as at the date of this Notice of Meeting, the Company has not yet received ASX's decision with respect to the waiver but will announce the result of that application when it is received.

## 8.5 Capital structure

The tables showing the effect of the Transaction on the Company's capital structure is set out in Section 11.6 of this Explanatory Statement. Those tables make various assumptions for illustrative purposes, described as notes to the tables, but the Company makes no forecast or representation as to whether those assumptions will occur.

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## 9. RESOLUTION 8 – RELATED PARTY TRANSACTIONS AND INCREASE OF VOTING POWER

### 9.1 ASX Listing Rule 10.1 – Acquisition of a substantial asset from a related party

ASX Listing Rule 10.1 provides that an entity (or any of its subsidiaries) must not, without its shareholders' approval, acquire a 'substantial' asset from, or dispose of a substantial asset to, among other specified parties, a related party.

An asset is 'substantial' if its value, or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the company's equity interests as set out in the latest accounts given to ASX under the Listing Rules.

Some of the AKTivate shareholders are related parties of the Company.



As a Director, Paul Hopper is a related party of the Company for the purposes of section 228 of the Corporations Act. In addition, the other Hopper Parties (as described in Section 9.2), who are also AKTivate Shareholders, also related parties of the Company for the reasons set out Section 9.2 of this Explanatory Statement.

Based on the Company's Annual Financial Report for the period ended 30 June 2014, the Company's total equity interests were \$5,026,822. As a result, an asset will be deemed to be 'substantial' if its value is at least 5% of this amount. Accordingly, the acquisition of AKTivate in accordance with the Agreement will constitute the acquisition of a substantial asset from those AKTivate shareholders who are related parties of the Company (being the Hopper Parties), for which Shareholder approval is sought pursuant to ASX Listing Rule 10.1.

Accompanying this Notice at Annexure A is an Independent Expert's Report prepared by Stantons International providing a detailed analysis of those aspects of the proposed Transaction which are the subject of Resolution 8 and the potential increase in voting power of the Hopper Parties and their associates. The report concludes that each of those parts of the Transaction is **not fair but reasonable** to the non-associated Shareholders.

The Independent Expert's Report is also accessible on the Company's website at [www.virax.com.au](http://www.virax.com.au). The Company will send a further hard copy of the Independent Expert's Report free of charge to any Shareholder who requests it.

The passing of Resolution 8 is subject to and conditional on the passing of Resolution 9.

## 9.2 Chapter 2E of the Corporations Act and ASX Listing Rule 10.11

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:

- (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.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

The issue of the Consideration Shares constitutes giving a financial benefit to the following AKTivate shareholders, who are related parties of the Company by virtue of:

- (a) Mr Paul Hopper, being a Director;
- (b) Moreglade Pty Limited ACN 051 064 692 and Kilinwata Investments Pty Ltd ACN 009 641 212 being controlled by Mr Paul Hopper; and
- (c) Deborah Anne Coleman being the spouse of Mr Hopper; and

- (d) Alexandra Jane Hopper, Horatia Isabelle Wiseman Hopper, India Lucy Hopper and Scarlett Augusta Wiseman Hopper being children of Mr Hopper,

(together the **Hopper Parties**).

The Board, other than Paul Hopper, consider the estimated value of the financial benefit given on the acquisition of AKTivate will be determined by reference to the market price of Consideration Shares on their dates of issue. Based on the market price of Shares as at 17 October 2014 of \$0.07 per Share, the estimated value of the financial benefit given on the acquisition of AKTivate (if it were acquired as at 17 October 2014 would be approximately \$0.07 per Consideration Share (on a pre-Consolidation basis). The actual value of the financial benefit given on the acquisition of AKTivate may vary upwards or downwards depending on the price at which Shares are trading at the time acquired.

The Directors (excluding Paul Hopper, due to his material personal interest in the Transaction, as a Hopper Party) consider that the exceptions set out in Sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 may not apply in the current circumstances. Whilst the Transaction has been negotiated on arms' length terms, given the complexity of the Transaction and the fact that other approvals are required, the Directors believe it to be best practice to obtain this additional approval. Accordingly, approval is being sought for the issue of the Consideration Shares pursuant to Resolution 8 for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11.

### 9.3 Technical information required by ASX Listing Rule 10.13 and section 219 of the Corporations Act

Pursuant to and in accordance with the requirements of ASX Listing Rule 10.13 and section 219 of the Corporations Act, the following information is provided in relation to the issue of the Consideration Shares pursuant to Resolution 8:

- (a) the recipients of the Consideration Shares pursuant to Resolution 8 and the maximum number of Consideration Shares they may be issued with under that Resolution will be as follows:

NAME OF AKTIVATE SHAREHOLDER	TRANCHE 1 SHARES (PRE-CONSOLIDATION BASIS)	TRANCHE 2 SHARES SUBJECT TO THE MILESTONES (PRE-CONSOLIDATION BASIS)	TRANCHE 1 SHARES (POST-CONSOLIDATION BASIS)	TRANCHE 2 SHARES SUBJECT TO THE MILESTONES (POST-CONSOLIDATION BASIS)
Paul Edward Alexander Hopper	4,333,333	4,333,333	216,667	216,667
Deborah Anne Coleman	26,333,333	26,333,333	1,316,667	1,316,667
Alexandra Jane Hopper	666,667	666,667	33,334	33,334
Horatia Isabelle Wiseman Hopper	666,667	666,667	33,334	33,334

India Lucy Hopper	666,667	666,667	33,334	33,334
Scarlett Augusta Wiseman Hopper	666,667	666,667	33,334	33,334
Kilinwata Investments Pty Ltd ACN 009 641 212	41,666,667	50,000,000	2,083,334	2,500,000
Moreglade Pty Limited ACN 051 064 692	16,666,666	16,666,666	833,334	833,334
<b>TOTAL</b>	<b>91,666,667</b>	<b>100,000,000</b>	<b>4,583,338</b>	<b>5,000,004</b>

- (b) ASX Listing Rule 10.13.3 provides that the Consideration Shares must be issued within one month of the date of the Annual General Meeting. The Company has applied to the ASX for a waiver of this rule in order for the Consideration Shares to be issued after satisfaction of a Milestone, by no later than two years after the date of the Meeting. As at the date of this Notice of Meeting, the Company has not yet received ASX's decision with respect to the waiver but will announce the result of that application when it is received;
- (c) the Consideration Shares will be issued for nil cash consideration as they will be issued to the Hopper Parties in consideration for the acquisition of AKTivate;
- (d) the Consideration Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (e) the registered holdings of the Hopper Parties in the Company's securities as at the date of this Notice (on a pre-Consolidation basis) are set out below:

Related party	Shares	Options
Paul Edward Alexander Hopper	6,000,000	Nil
Deborah Anne Coleman	7,200,000	Nil
Kilinwata Investments Pty Ltd	10,440,000	Nil
Moreglade Pty Ltd	12,000,000	Nil
Alexandra Jane Hopper	Nil	Nil
Horatia Isabelle Wiseman Hopper	Nil	Nil
India Lucy Hopper	Nil	Nil
Scarlett Augusta Wiseman Hopper	Nil	Nil
<b>Total</b>	<b>35,640,000</b>	<b>Nil</b>

Each registered holder in the table directly above has a relevant interest in the number of Shares indicated against their name.

Additionally, Paul Hopper has a relevant interest in all of the Shares in the table directly above as he controls the voting and disposal of those securities and controls Moreglade Pty Ltd and Kilinwata Investments Pty Ltd.

Additionally Deborah Anne Coleman has a relevant interest in the Shares held by Moreglade Pty Ltd and Kilinwata Investments Pty Ltd as she holds all of the shares in Moreglade Pty Ltd and holds half of the shares in Kilinwata Investments Pty Ltd;

- (f) the remuneration and emoluments from the Company to Paul Hopper for both the current financial year and previous financial year (inclusive of superannuation) are set out below:

Related Party	Current Financial Year	Previous Financial Year
Paul Hopper	\$90,000	\$7,500

- (g) No other Hopper Party has received remuneration or emoluments from the Company for the previous financial year, nor is anticipated to receive remuneration or emoluments from the Company for the current financial year;
- (h) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out in Section 6.4(j);
- (i) if all the Consideration Shares are issued pursuant to Resolutions 8 and 9 (assuming they are both approved at the Meeting), a total of 234,000,000 Shares (on a pre-Consolidation basis) or 11,700,009 Shares (on a post-Consolidation basis) assuming a Milestone is achieved. This will increase the number of Shares on issue from 920,947,371 to 1,154,947,371 Shares (on a pre-Consolidation basis) (assuming that all Consideration Shares are issued and exercised and assuming that no other Options are exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by 16.60% by the issue pursuant to Resolution 8 of 191,666,667 Shares (on a pre-Consolidation basis) or 9,583,342 Shares (on a post-Consolidation basis);
- (j) no funds will be raised from the issue of the Consideration Shares pursuant to Resolution 8 as they will be issued in consideration for the Company acquiring the AKTivate shares held by the Hopper Parties; and
- (k) refer to Sections 9.6 and 9.7 for the Directors' interests and recommendations in relation to Resolution 8.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Consideration Shares as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of the Consideration Shares will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

#### **9.4 Item 7 of Section 611 of the Corporations Act**

##### ***Section 606 of the Corporations Act – statutory prohibition***

Pursuant to Section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point that is above 20% and below 90%,

**(Prohibition).**

### **Voting power**

A person's voting power in a body corporate is determined in accordance with Section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

### **Associates**

For the purposes of determining voting power under the Corporations Act, a person (**second person**) is an "associate" of the other person (**first person**) if:

- (a) the first person is a body corporate and the second person is:
  - (i) a body corporate the first person controls;
  - (ii) a body corporate that controls the first person; or
  - (iii) a body corporate that is controlled by an entity that controls the person;
- (b) the second person has entered or proposed to enter into a relevant agreement with the first person for the purpose of controlling or influencing the composition of the company's board or the conduct of the company's affairs; or
- (c) the second person is a person with whom the first person is acting or proposed to act, in concert in relation to the company's affairs.

Each of the Hopper Parties are associates of each other due to:

- (a) Mr Hopper controlling Kilinwata Investments Pty Ltd ACN 009 641 212 and Moreglade Pty Limited ACN 051 064 692; and
- (b) each of the Hopper Parties acting or proposing to act in concert with each other in relation to the Company's affairs.

### **Relevant interests**

Section 608(1) of the Corporations Act provides that a person has a 'relevant interest' in securities if they:

- (a) are the holder of the securities;
- (b) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or

- (c) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

In addition, Section 608(3) of the Corporations Act provides that a person has a relevant interest in securities that any of the following has:

- (a) a body corporate in which the person's voting power is above 20%;
- (b) a body corporate that the person controls.

As at the date of this Notice, the Hopper Parties have an aggregate relevant interest in 35,640,000 Shares (on a pre-Consolidation basis) as described in Section 9.3(e).

### **Reason why Section 611 approval required**

Item 7 of Section 611 of the Corporations Act provides an exception to the Prohibition, whereby a person may acquire a relevant interest in a company's voting shares with shareholder approval.

Shareholder approval under Item 7 of Section 611 of the Corporations Act is required for Resolution 8.

### **Increase in relevant interest and voting power**

Pursuant to the Company's acquisition of Pathway Oncology Pty Ltd, the completion of which the Company announced to the ASX Market Announcements Platform on 30 May 2014 (**Pathway Acquisition**), subject to satisfaction of certain milestones, up to 180,000,000 further Shares (on a pre-Consolidation basis) are to be issued by the Company as deferred consideration for the Pathway Acquisition (the **Deferred Pathway Acquisition Shares**). Certain Hopper Parties may be issued with part of those Deferred Pathway Acquisition Shares as set out in the following table. Although Shareholders approved that issue at the Company's general meeting on 9 May 2014, further approval is sought pursuant to Resolution 8 for the effect of that issue increasing the voting power of the Hopper Parties and their associates, when aggregated with their proposed allocations of Consideration Shares.

NAME OF PATHWAY SHAREHOLDER	PATHWAY MILESTONE 1 SHARES (PRE-CONSOLIDATION BASIS)	PATHWAY MILESTONE 2 SHARES (PRE-CONSOLIDATION BASIS)	PATHWAY MILESTONE 1 SHARES (POST-CONSOLIDATION BASIS)	PATHWAY MILESTONE 2 SHARES (POST-CONSOLIDATION BASIS)
Paul Edward Alexander Hopper	9,000,000	9,000,000	450,000	450,000
Deborah Anne Coleman	10,800,000	10,800,000	540,000	540,000
Kilinwata Investments Pty Ltd ACN 009 641	15,660,000	15,660,000	783,000	783,000

212				
Moreglade Pty Limited ACN 051 064 692	18,000,000	18,000,000	900,000	900,000
<b>TOTAL</b>	<b>53,460,000</b>	<b>53,460,000</b>	<b>2,673,000</b>	<b>2,673,000</b>

There is the potential for an increase in the relevant interest of the Hopper Parties in the Company from 35,640,000 Shares (on a pre-Consolidation basis) to up to 334,226,667 Shares (on a pre-Consolidation basis) or 16,711,342 Shares (on a post-Consolidation basis) and an increase in the voting power of each of the Hopper Parties and their associates from 3.87% up to a maximum of 25.04% (being an increase of up to 21.17% assuming that:

- (a) Shareholders approve Resolutions 8 and 9;
- (b) the Company acquires AKTivate;
- (c) the Hopper Parties are issued 191,666,667 (on a pre-Consolidation basis) or 9,583,342 (on a post-Consolidation basis) Consideration Shares in the proportions specified in Section 9.3(a);
- (d) the Consideration Shares the subject of Resolution 9 are issued;
- (d) a Milestone is achieved within the required time;
- (e) all Deferred Pathway Acquisition Shares are issued pursuant to the Pathway Acquisition following satisfaction of the relevant milestones; and
- (f) no other Shares are issued or Options are exercised.

#### **Prescribed information – ASIC Regulatory Guide**

The following information is required to be provided to Shareholders in accordance with the Corporations Act and ASIC Regulatory Guide 74 in respect of an approval under Item 7 of Section 611 of the Corporations Act. Shareholders are also referred to the Independent Expert's Report prepared by Stantons International annexed to this Explanatory Statement as Annexure A.

#### **(a) Acquirer**

It is proposed that each Hopper Party will acquire up to the number of Consideration Shares set out in Section 9.3(a) and that number of Deferred Pathway Acquisition Shares disclosed in this Section 9.4 above, pursuant to Resolution 8.

Each of the Hopper Parties is an associate of each other Hopper Party (**Associates**) and the Hopper Parties have no further associates other than the Associates.

Any relationship or association as detailed in relation to this Notice of Meeting or Explanatory Statement concerning the Hopper Parties (including Paul Hopper) pertains to their relationship and associations under the specified provisions of the Corporations Act and ASX Listing Rules in connection with their applicable interests in the Company. Any

relationship or association in this context should not be taken or deemed to apply to any other circumstance.

**(b) Relevant interests and voting power**

As at the date of this Notice, the Hopper Parties and their Associates have a relevant interest in 35,640,000 Shares. Mr Hopper and his Associates therefore each have a voting power of 3.87%. Shareholders' approval is sought pursuant to Resolution 8 for their potential maximum increase in voting power and relevant interests as disclosed in this Section 9.4 above.

**(c) The Hopper Parties' intentions**

As a Director, Mr Hopper has certain controls on decisions made by the Board. Subject to those controls and, other than as disclosed elsewhere in this Explanatory Statement, the Company understands that Mr Hopper and the other Hopper Parties:

- (i) have no intention of making any significant changes to the Company's business;
- (ii) have no intention to inject further capital into the Company;
- (iii) have no intention of making changes regarding the future employment of the Company's present employees;
- (iv) do not intend to redeploy any of the Company's fixed assets;
- (v) do not intend to transfer any property between the Company and any Hopper Parties or their associates; and
- (vi) do not intend to significantly change the Company's financial or dividend distribution policies.

These intentions are based on information concerning the Company, its business and the business environment which is known to the Hopper Parties at the date of this Notice.

**(d) Particulars of proposed issue and timing**

Particulars relating to the proposed issue of the Consideration Shares the subject of Resolution 8 and proposed timing are set out in detail at Sections 8 and 9 of this Explanatory Statement.

**(e) Reason for the proposed issue**

The Consideration Shares the subject of Resolution 8 will be issued as consideration for the acquisition of the AKTivate shares held by the Hopper Parties. Tranche 1 Shares will be issued on completion of the Transaction and Tranche 2 Shares will be issued on satisfaction of a Milestone.

The Deferred Pathway Acquisition Shares are proposed to be issued as part consideration for the Pathway Acquisition as previously approved by Shareholders at the Company's general meeting held on 9 May 2014.



**(f) Directors' interests and recommendations**

Refer to Sections 9.6 and 9.7 for the Directors' interests and recommendations in relation to Resolution 8.

**(g) Capital structure**

The Company's pro-forma capital structure assuming completion of the Transaction (and assuming the Consolidation occurs, which is not a condition of the Transaction) is set out at Section 11.6 of the Explanatory Statement below.

**9.5 Independent Expert's Report**

The Independent Expert's Report assesses whether the Hopper Parties' acquisition of Consideration Shares and their increase in voting power, with their associates, under Resolution 8 is fair and reasonable to the Shareholders who are not associated with the Hopper Parties.

The Independent Expert's Report also contains an assessment of the advantages and disadvantages of the proposed issue of Shares the subject of Resolution 8. This assessment is designed to assist all Shareholders in reaching their voting decision.

The Independent Expert's Report concludes that the proposal as outlined in Resolution 8, on balance, is **not fair but reasonable** to the non-associated Shareholders.

The Independent Expert's Report is enclosed with this Notice of Meeting. The Board recommends Shareholders read the Independent Expert's Report in full.

**9.6 Interest of Director**

Mr Hopper is a Director and has an interest in the outcome of Resolution 8. If Resolution 8 is passed then Mr Hopper and the other Hopper Parties may subsequently be issued with the number of Consideration Shares set out in Section 9.3(a) of this Explanatory Statement and will be permitted to receive up to their maximum entitlements to Deferred Pathway Acquisition Shares as described above.

**9.7 Directors' recommendations**

The current Directors other than Mr Hopper unanimously recommend that Shareholders vote in favour of Resolution 8 as they consider the advantages of the Transaction outweigh the disadvantages. Mr Hopper abstains from making a recommendation in relation to Resolution 8 because he has a material personal interest in Resolution 8 as he will be issued Consideration Shares if Resolutions 8 and 9 are passed and the Transaction is completed.

Each Director other than Mr Hopper will vote, or procure the voting of any Director-controlled Share, in favour of Resolution 8.

None of the Directors other than Mr Hopper have an interest in the outcome of Resolution 8 save for an interest as a Shareholder of the Company.

The Directors are not aware of any other information other than as set out in this Notice of Meeting 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 Resolution 8.

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## **10. RESOLUTION 9 – ISSUE OF CONSIDERATION SHARES TO UNRELATED PARTIES**

### **10.1 General**

Subject to and conditional upon Resolutions 8 and 9 being passed and the satisfaction (or waiver by the Company) of the Conditions, upon completion of the Transaction, the shareholders of AKTivate who are not Hopper Parties, will receive (or their nominees will receive) 42,333,333 Consideration Shares (on a pre-Consolidation basis) or 2,116,667 Consideration Shares (on a post-Consolidation basis), all being Tranche 1 Shares.

The maximum number of 42,333,333 Consideration Shares (on a pre-Consolidation basis) or 2,116,667 Consideration Shares (on a post-Consolidation basis) potentially to be issued in aggregate to the shareholders of AKTivate who are not Hopper Parties, in addition to the total number of Consideration Shares the subject of Resolution 8, make up the total Consideration Shares proposed to be issued in relation to the Transaction.

The passing of Resolution 9 is subject to and conditional on the passing of Resolution 8.

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.

The effect of Resolution 9 will be to allow the Company to issue up to 42,333,333 Consideration Shares (on a pre-Consolidation basis) or 2,116,667 Consideration Shares (on a post-Consolidation basis) during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### **10.2 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 9 (in addition to the information provided elsewhere in this Notice):

- (a) the maximum number of Consideration Shares to be issued under Resolution 9 is 42,333,333 (on a pre-Consolidation basis) or 2,116,667 (on a post-Consolidation basis);
- (b) the Consideration Shares the subject of Resolution 9 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) and it is intended that issue of the Shares will occur on the same date;
- (c) the Consideration Shares will be issued for nil cash consideration as they will be issued as part consideration for the acquisition of AKTivate;
- (d) the Consideration Shares the subject of Resolution 9 are proposed to be issued to the AKTivate shareholders who are not Hopper Parties, or the nominees of those AKTivate shareholders as follows:

<b>NAME OF AKTIVATE</b>	<b>TRANCHE 1 SHARES (PRE-</b>	<b>TRANCHE 1 SHARES (POST-</b>
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<b>SHAREHOLDER</b>	<b>CONSOLIDATION BASIS)</b>	<b>CONSOLIDATION BASIS)</b>
Professor Said Sebti & Mrs Michele Sebti	10,000,000	500,000
Cahaba	24,000,000	1,200,000
Howlett Retirement Pty Ltd ACN 119 884 767	8,333,333	416,667
<b>TOTAL</b>	<b>42,333,333</b>	<b>2,116,667</b>

- (e) the Consideration Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) no funds will be raised from the issue of the Consideration Shares as they will be issued in part consideration for the Company acquiring AKTivate.

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## **11. RESOLUTION 10 – CONSOLIDATION OF CAPITAL**

### **11.1 Background**

If Resolution 10 is passed and excluding any securities issued pursuant to the other Resolutions and assuming no Options are exercised, the number of:

- (a) Shares on issue will be reduced from 920,947,371 to 46,047,369 (subject to rounding); and
- (b) Options on issue will be reduced from 87,700,000 to 4,385,000 (subject to rounding).

The purpose of the Consolidation is to implement a more appropriate capital structure for the Company going forward.

### **11.2 Legal requirements**

Section 254H of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its shares into a larger or smaller number.

### **11.3 Fractional entitlements**

Not all security holders will hold that number of Shares or Options (as the case may be) which can be evenly divided by 20. Where a fractional entitlement occurs, the Company will round that fraction up to the nearest whole Share or Option (as the case may be).

### **11.4 Taxation**

It is not considered that any taxation implications will exist for security holders arising from the Consolidation. However, security holders are advised to seek their own tax advice on the effect of the Consolidation and the Company does not accept any responsibility for the individual taxation implications arising from the Consolidation.

### **11.5 Holding statements and Option certificates**

From the date of the Consolidation:

- (a) all holding statements for Shares will cease to have any effect, except as evidence of entitlement to a certain number of Shares on a post-Consolidation basis; and
- (b) all certificates for unlisted Options will cease to have any effect, except as evidence of entitlement to a certain number of Options on a post-Consolidation basis.

After the Consolidation becomes effective, the Company will arrange for new holding statements for Shares to be issued to holders of those securities and, to the extent required, new certificates for unlisted Options to be issued to Option holders.

It is the responsibility of each security holder to check the number of securities held prior to disposal or exercise (as the case may be).

## 11.6 Effect on capital structure

The estimated effect which the Consolidation will have on the Company's capital structure is set out in the tables below.

Shares	Number
Shares currently on issue	920,947,371
Tranche 1 Shares to be issued on a pre-Consolidation basis pursuant to Resolution 8	91,666,667
Tranche 1 Shares to be issued on a pre-Consolidation basis pursuant to Resolution 9	42,333,333
<b>Sub-total</b>	<b>1,054,947,371</b>
Consolidation (1 for 20 basis, subject to rounding)	52,747,369
Tranche 2 Shares to be issued on a post-Consolidation basis pursuant to Resolution 8 subject to satisfaction of at least one Milestone	5,000,004
Deferred Pathway Acquisition Shares to be issued on a post-Consolidation basis subject to satisfaction of the relevant milestones	9,000,000
<b>Total Shares<sup>1</sup></b>	<b>66,747,373</b>

Note:

1. This table is based on the following assumptions (although no representation is made as to whether these events will occur):
  - a. no Options are exercised;
  - b. no other Shares are issued other than those pursuant to the Resolutions;
  - c. Resolutions 8 and 9 are approved;
  - d. all Tranche 1 Shares are issued on a pre-Consolidation basis;
  - e. the maximum number of Deferred Pathway Acquisition Shares are issued on a post-Consolidation basis (assuming that the relevant milestones are satisfied); and
  - f. one or more Milestones is satisfied and all Tranche 2 Shares are issued on a post-Consolidation basis.

Options	Number
Options currently on issue (exercisable at \$0.005 each by 12 October 2017, on a pre-Consolidation basis) <sup>1</sup>	87,700,000
Pre-Consolidation Options to be issued pursuant to Resolution 6 <sup>2</sup>	40,000,000
<b>Sub-total</b>	<b>127,700,000</b>
Consolidation (1 for 20 basis, subject to rounding)	6,385,000
<b>Total Options<sup>3</sup></b>	<b>6,385,000</b>

Note:

1. On a post-Consolidation basis existing Options on issue would be exercisable at \$0.1 each by 12 October 2017.
2. The terms of Options proposed for issue pursuant to Resolution 6 are described in Schedule 1 (on a pre-Consolidation basis) and in Section 6.4(d) (on a post-Consolidation basis).

3. This table is based on the following assumptions (although no representation is made as to whether these events will occur):
  - a. no options are exercised;
  - b. Resolution 6 is approved;
  - c. no other Options are issued other than those pursuant to Resolution 6; and
  - d. the Options the subject of Resolution 6 are issued on a pre-Consolidation basis.

## 11.7 Indicative timetable\*

If Resolution 10 is passed, the consolidation of capital is proposed to take effect in accordance with the following indicative timetable (as set out in Appendix 7A (paragraph 8) of the ASX Listing Rules):

Action	Date
Company tells ASX that Shareholders have approved the Consolidation.	28 November 2014
Last day for pre-Consolidation trading.	1 December 2014
Post-Consolidation trading starts on a deferred settlement basis.	2 December 2014
Last day for Company to register transfers on a pre-Consolidation basis.	4 December 2014
First day for the Company to send notice to each security holder of the change in their details of holdings	5 December 2014
First day for the Company to register securities on a post-Consolidation basis	
First day for issue of new holding statements	
Issue date	11 December 2014
Deferred settlement market ends	
Last day for the Company to send notice to each security holder of the change in their details of holdings and to enter securities into the holders' security holdings	
Last day for issue of new holding statements or certificates for consolidated Shares and Options	

\* The above timetable is indicative only. The Directors reserve the right to change the above indicative timetable without requiring any disclosure to Shareholders or Option holders.

## 12. RESOLUTION 11 – SPILL RESOLUTION

If less than 25% of the votes cast on either of:

- (a) Resolution 1; or
- (b) the resolution at the Company's 2013 Annual General Meeting for consideration of the remuneration set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2013 (2013 Remuneration Report).

are respectively voted against adoption of the Remuneration Report or the 2013 Remuneration Report, the Chair will withdraw Resolution 11.

## **12.1 General**

The Corporations Act requirements for this Resolution to be put to vote are set out in Section 2.2.

The effect of this Resolution being passed is the Company will be required to hold another meeting of Shareholders within 90 days of the date of this Meeting (**Spill Meeting**) and the Vacating Directors will cease to hold office immediately before the end of the Spill Meeting. The business of the Spill Meeting will be to put to vote resolutions to appoint persons to offices vacated by the Vacating Directors.

In the event a Spill Meeting is required a separate notice of meeting will be distributed to Shareholders with details about those persons that will seek election as directors of the Company at the Spill Meeting.

## **12.2 Proxy voting restrictions**

Shareholders appointing a proxy for this Resolution should note the voting restrictions set out in Section 2.4 apply in the same manner to this Resolution.

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## 13. GLOSSARY

**\$** means Australian dollars.

**10% Placement Capacity** has the meaning given in Section 7.1 of the Explanatory Statement.

**Acceptable Safety Profile** means a safety profile without any serious adverse events, being an event which would result in the premature suspension or termination of any one of the trials the subject of the Milestones.

**AKTivate** means AKTivate Therapeutics Pty Ltd ACN 168 507 202.

**Agreement** means the binding share sale and purchase agreement between the Company, AKTivate and AKTivate shareholders.

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

**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.

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

**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.

**Cahaba** means Cahaba Pharmaceuticals LLC, EIN-26-3991510.

**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.

**Company** means Virax Holdings Limited (ACN 006 569 106).

**Complete Response Rate** means the disappearance of all target lesions.

**Conditions** means the conditions precedent to the Transaction set out in Section 8.3 of the Explanatory Statement.



**Consideration Shares** means 234,000,000 Shares (on a pre-Consolidation basis) or 11,700,009 Shares (on a post-Consolidation basis) to be issued as consideration of the acquisition of AKTivate.

**Consolidation** means the proposed consolidation of the Shares and Options on a 1 for 20 basis, the subject of Resolution 10.

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

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

**Deferred Pathway Acquisition Shares** means the up to 180,000,000 Shares (on a pre-Consolidation basis) or 9,000,000 Shares (on a post-Consolidation basis) in deferred consideration for the Pathway Acquisition, half of which are subject to the first of the following milestones and half of which are subject to the second milestone, in relation to the intellectual property the subject of the Pathway Acquisition (which, for the avoidance of doubt, does not include the Intellectual Property):

- (a) Pathway Milestone 1 – within 18 months of the date of settlement of the Pathway Acquisition, re-activation or re-opening, or allowance, of IND for any disease indication by US FDA; and
- (b) Pathway Milestone 2 – within 36 months of the date of settlement of the Pathway Acquisition, dosing of the first patient in a Phase Ib/II trial for any disease indication.

**Definitive Licence Agreement** means the definitive binding licence agreement entered into between AKTivate and Cahaba.

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

**EDST** means Eastern Daylight Savings Time as observed in Melbourne, Victoria.

**Eligible Entity** means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

**Equity Securities** includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

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

**Hopper Parties** means each of the following:

- (a) Paul Edward Alexander Hopper;
- (b) Deborah Anne Coleman;
- (c) Alexandra Jane Hopper;
- (d) Horatia Isabelle Wiseman Hopper;
- (e) India Lucy Hopper;
- (f) Scarlett Augusta Wiseman Hopper;

(g) Kilinwata Investments Pty Ltd ACN 009 641 212; and

(h) Moreglade Pty Limited ACN 051 064 692.

**Intellectual Property** has the meaning given in Section 8.

**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.

**Managing Director** means the managing director of the Company who may, in accordance with the ASX Listing Rules, continue to hold office indefinitely without being re-elected to the office.

**Milestone** means any one or more of Milestone 1, Milestone 2 or Milestone 3 described in Section 8.4 of the Explanatory Statement and **Milestones** means all of them.

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

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

**Ordinary Securities** has the meaning set out in the ASX Listing Rules.

**Overall Response Rate** means confirmation of both Complete Response Rate and Partial Response Rate.

**Partial Response Rate** means at least a 30% decrease in the sum of the diameters of target lesions, taking as reference the baseline sum diameters.

**Pathologic Complete Response Rate** is defined according to the United States Food and Drug Administration Guidance for Industry "Pathological Complete Response in Neoadjuvant Treatment of High-Risk Early-Stage Breast Cancer: Use as an Endpoint to Support Accelerated Approval" dated October 2014.

**Pathway Acquisition** means the Company's acquisition of Pathway Oncology Pty Ltd, the completion of which the Company announced to the ASX Market Announcements Platform on 30 May 2014.

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

**Remuneration Report** means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2014.

**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 unless otherwise specified.

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

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

**Stantons International** means Stantons International Securities Pty Ltd (trading as Stantons International Securities).

**Sub-licence** means the exclusive worldwide sub-licence of the Intellectual Property defined in section 8.

**TCN-P** means Triciribine Phosphate Monohydrate.

**Trading Day** has the same meaning as in the ASX Listing Rules.

**Tranche 1 Shares** means the 134,000,000 (on a pre-Consolidation Shares) or 6,700,005 (on a post-Consolidation basis) Consideration Shares to be issued upon completion of the Transaction to AKTivate shareholders.

**Tranche 2 Shares** means the 100,000,000 (on a pre-Consolidation Shares) or 5,000,004 (on a post-Consolidation basis) Consideration Shares to be issued, upon satisfaction of a Milestone, to the Hopper Parties.

**Transaction** means the proposed acquisition by the Company of 100% of the issued share capital of AKTivate.

**Vacating Directors** means the Directors who were directors of the Company when the resolution to make the directors' report considered at the last annual general meeting of the Company was passed, other than the Managing Director at that time.

**Variable A** means "A" as set out in the calculation in section 7.2 of the Explanatory Statement.

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## SCHEDULE 1 – TERMS AND CONDITIONS OF OPTIONS

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The terms and conditions attaching to the Options (on a pre-Consolidation basis) are set out below:

1. Subject to point 3 below, each option (**Option**) entitles the holder to subscribe for one fully paid ordinary share in the capital of the Company (**Share**) at an exercise price equal to the closing price of the Shares on the date that Shareholder approval for the issue of the Options is obtained. (**Exercise Price**).
2. The Options are exercisable at any time on or before 5.00pm Western Standard Time on the date which is four years from the date of issue of the Options (**Expiry Date**). Options may only be exercised in multiples of 1,000. Any Options not exercised by the Expiry Date shall lapse.
3. The Options shall be divided into four equal classes (Tranche 1, Tranche 2, Tranche 3 and Tranche 4).
  - (a) Tranche 1 – 10,000,000 Options will vest if the Share price equals or exceeds 1.5 cents over ten (10) Trading Days in any twenty (20) sequential Trading Days out of sixty (60) days at any time after the issue.
  - (b) Tranche 2 – 10,000,000 Options will vest if the Share price equals or exceeds 3 cents over ten (10) Trading Days in any twenty (20) sequential Trading Days out of sixty (60) days either side of the date which is one year after the date of issue of the Options and if Robert Crombie is still an employee of the Company two (2) years after the issue of the Options.
  - (c) Tranche 3 – 10,000,000 Options will vest if the Share price equals or exceeds 4 cents over ten (10) Trading Days in any twenty (20) sequential Trading Days out of sixty (60) days either side of the date which is two years after the date of issue of the Options and if Robert Crombie is still an employee of the Company three (3) years after the issue of the Options.
  - (d) Tranche 4 – 10,000,000 Options will vest if the Share price equals or exceeds 6 cents over ten (10) Trading Days in any twenty (20) sequential Trading Days out of sixty (60) days either side of the date which is three (3) years after the date of issue of the Options and if Robert Crombie is still an employee of the Company four (4) years after the issue of the Options.
4. If prior to the expiry date of the Options:
  - (a) the Company is required by the ASX to re-comply with Chapters 1 and 2 of the ASX Listing Rules;
  - (b) the Company has received conditional approval for reinstatement to trading of its securities on ASX (at a time when the Company reasonably believes it can fulfil all of the requirements of Chapters 1 and 2 of the ASX listing rules) ("the **Conditional Approval**"); and
  - (c) at the time the Company receives the Conditional Approval, the Exercise Price is less than \$0.20 (having potentially been adjusted in accordance with ASX Listing Rule 7.22.1 following a consolidation of the Company's issued Shares),

then the Exercise Price will be increased to \$0.20.

5. Options may not be exercised if the effect of such exercise and subsequent issue of the Shares would be to create a holding of less than a marketable parcel of Shares unless the recipient of the Shares is already a Shareholder at the time of exercise.
6. Exercise of the Option may only occur if the Option is vested in accordance with point 3 above and such exercise is effected by completing a notice of exercise of option and delivering it to the registered office of the Company together with payment of the Exercise Price.
7. The Options are freely transferable, subject to any offer for sale of the Options complying with section 707 of the Corporations Act (if applicable).
8. All Shares issued upon exercise of the Options and payment of the Exercise Price will rank equally in all respects with the Company's then existing Shares. The Company will apply for Official Quotation by ASX of all Shares issued upon exercise of the Options within three (3) days of the issue of the Shares.
9. A certificate will be issued for the Options.
10. There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in dividends or new entitlement issues of capital offered to Shareholders during the currency of the Options. However, The Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least four (4) Business Days after the Issue is announced. This will give the holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
11. In the event of any reconstruction, including a consolidation, subdivision, reduction or return of the issued capital of the Company prior to the Expiry Date, The rights of an Optionholder will be changed to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reconstruction. Otherwise, an Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.
12. Shares issued pursuant to the exercise of an Option will be issued not more than fourteen (14) days after the receipt of a proper notice and payment of the exercise price in respect of the Options exercised.
13. The Company will not apply for quotation of the Options on ASX.

## SCHEDULE 2 – VALUATION OF OPTIONS

The Options to be issued to Robert Crombie (or his nominee) pursuant to Resolution 6 have been valued by internal management.

Using the theoretical Monte Carlo simulations option model and based on the assumptions set out below, the Options were ascribed a value as follows:

Valuation date	2 October 2014	
Market price of Shares	\$0.006	
Exercise price	\$0.006	
Assumed expiry date	28 November 2018	
Risk free interest rate	2.50%	
Volatility	113%	
	<b>Indicative value per Option</b>	<b>Total value of Options</b>
<b>First Tranche</b>	<b>\$0.0042</b>	<b>\$42,000</b>
<b>Second Tranche</b>	<b>\$0.0038</b>	<b>\$38,000</b>
<b>Third Tranche</b>	<b>\$0.0035</b>	<b>\$35,000</b>
<b>Fourth Tranche</b>	<b>\$0.0030</b>	<b>\$30,000</b>

Note: The valuation noted above is not necessarily the market prices that the Options could be traded at and they are not automatically the market prices for taxation purposes.

## PROXY FORM

**VIRAX HOLDINGS LIMITED**  
**ACN 006 569 106**

### ANNUAL GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

**OR:** ☐ the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 11:00am (EDST), on 28 November 2014 at Chartered Accountants, Level 3 Bourke Place, 600 Bourke Street, Melbourne, VIC, 3000, and at any adjournment thereof.

#### AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1, 6 and 11 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 6 and 11 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

#### CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions other than Resolution 11, which the Chair intends to vote against. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

Voting on business of the Meeting		FOR	AGAINST	ABSTAIN
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-Election of Director – Brendan De Kauwe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Election of Director – Robert Crombie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Election of Director – Paul Hopper	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Change of name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Issue of options to Robert Crombie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Issue of Consideration Shares to related parties and increase of voting power	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Issue of Consideration Shares to unrelated parties	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Consolidation of capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	Spill resolution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: \_\_\_\_\_ %

**Signature of Shareholder(s):**

**Individual or Shareholder 1**

Sole Director/Company Secretary

**Shareholder 2**

Director

**Shareholder 3**

Director/Company Secretary

**Date:** \_\_\_\_\_

**Contact name:** \_\_\_\_\_

**Contact ph (daytime):** \_\_\_\_\_

**E-mail address:** \_\_\_\_\_

**Consent for contact by e-mail  
in relation to this Proxy Form:**

YES ☐ NO ☐



## Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(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 of the Shareholders should sign.
  - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) post to Virax Holdings Limited, PO Box 6918, East Perth, WA, 6892; or
  - (b) facsimile to the Company on facsimile number +61 8 9355 4580; or
  - (c) email to the Company at [seanh@fjhsolutions.com.au](mailto:seanh@fjhsolutions.com.au),

so that it is received not less than 48 hours prior to commencement of the Meeting.

**Proxy Forms received later than this time will be invalid.**

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## **ANNEXURE A – INDEPENDENT EXPERT'S REPORT**

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