ACTINOGEN LIMITED

ACN 086 778 476

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at Level 2, 1 Walker Avenue, West Perth, Western Australia on Wednesday 19 November 2014 at 10.30am (WST).

Stantons International Securities has prepared an independent expert's report on the proposed Common Shareholder Acquisition and has concluded that the proposed Common Shareholder Acquisition is not fair but reasonable to the existing Shareholders. Refer to Section 8.11 for further information.

This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on (08) 9481 3860.

ACTINOGEN LIMITED

ACN 086 778 476

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of Shareholders of Actinogen Limited (**Company**) will be held at Level 2, 1 Walker Avenue, West Perth, Western Australia on Wednesday 19 November 2014 at 10.30am (WST) (**Meeting**).

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

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 as Shareholders on Monday 17 November 2014 at 4.00pm (WST).

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Section 19.

AGENDA

Annual Report

To table and consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2014, which includes the Financial Report, the Directors' Report and the Auditor's Report.

1. Resolution 1 – Adoption of Remuneration Report

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

"That the Remuneration Report be adopted by the Shareholders on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

In accordance with section 250R of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by, or on behalf of:

(a) a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report; or

(b) a Closely Related Party of such member.

However, a person described above may cast a vote on this Resolution if the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above and either:

(c) the person does so as a proxy appointed in writing that specifies how the proxy is to vote on Resolution 1; or

(d) the person is the Chairman voting an undirected proxy which expressly authorises the Chairman to vote the proxy on a resolution connected with the remuneration of a member of the Key Management Personnel.

2. Resolution 2 – Approval of 10% Placement Facility

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

"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person who may participate in the 10% Placement Facility issue and a person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if this Resolution is passed, and any associates of those persons.

However, the Company will not disregard a vote if:

(a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or

(b) it is cast by the Chairman 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.

3. Resolution 3 – Re-election of Director – Dr Anton Uvarov

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

"That Dr Anton Uvarov, who retires in accordance with Article 13.4 of the Constitution, being eligible and offering himself for re-election, be re-elected as a Director."

4. Resolution 4 – Re-election of Director – Dr Brendan de Kauwe

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

"That Dr Brendan de Kauwe, who retires in accordance with Article 13.2 of the Constitution, being eligible and offering himself for re-election, be re-elected as a Director."

5. Resolution 5 – Approval of Acquisition of Corticrine Limited

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

*"That, subject to each of the other Acquisition Resolutions being passed, for the purposes of Listing Rules 11.1.2 and 7.1, and for all other purposes, Shareholders approve the issue of up to 125,000,000 Shares (**Vendor Shares**) to the Vendors (or their nominees) as consideration for the Acquisition, and the significant change in the scale of the Company's activities resulting from the Acquisition, on the terms and conditions set out in the Explanatory Memorandum."*

Voting Exclusion

The Company will disregard any votes cast on this Resolution by the Vendors and their nominees 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:

(a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or

(b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. Resolution 6 – Approval of Acquisition of Corticrine Shares from the Common Shareholders

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

*"That, subject to each of the other Acquisition Resolutions being passed, for the purposes of Listing Rule 10.1 and for all other purposes, Shareholders approve the acquisition by the Company of the issued capital in Corticrine held by the Common Shareholders (**Common Shareholder Acquisition**) on the terms and conditions set out in the Explanatory Memorandum."*

Stantons International Securities has prepared an independent expert's report on the proposed Common Shareholder Acquisition and has concluded that the proposed Common Shareholder Acquisition is not fair but reasonable to the existing Shareholders. Refer to Section 8.11 for further information.

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person who is a party to the Common Shareholder Acquisition and any of their associates.

However, the Company will not disregard a vote if:

(a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or

(b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. Resolution 7- Ratification of Tranche 1 Placement

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

*"That, for the purposes of Listing Rule 7.4, and for all other purposes, Shareholders approve and ratify the prior issue by the Company of 50,000,000 Shares (**Tranche 1 Placement Shares**) each at an issue price of $0.02 (**Tranche 1 Placement**) on the terms and conditions set out in the Explanatory Memorandum."*

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a Tranche 1 Placement Participant and any of their associates.

However, the Company will not disregard a vote if:

(a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or

(b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

8. Resolution 8 - Authority to issue Tranche 2 Placement Shares

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

*"That, subject to each of the other Acquisition Resolutions being passed, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Directors to issue up to 50,000,000 Shares (**Tranche 2 Placement Shares**) each at an issue price of $0.02 (**Tranche 2 Placement**) on the terms and conditions set out in the Explanatory Memorandum."*

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person who may participate in the Tranche 2 Placement and a person who might obtain a benefit (except a benefit solely in their capacity as holder of ordinary securities) if the Resolution is passed and any associates of those persons.

However, the Company will not disregard a vote if:

(a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or

(b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

9. Resolution 9 – Authority for Dr Brendan de Kauwe to participate in the Director Placement

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

"That, subject to each of the Acquisition Resolutions being passed, for the purpose of Listing Rule 10.11, and for all other purposes, Shareholders approve and authorise Dr Brendan de Kauwe (and/or his nominees) to participate in the Director Placement to the extent of up to 2,500,000 Shares each at an issue price of $0.02 on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Dr Brendan de Kauwe and his nominees and any associates of those persons.

However, the Company will not disregard a vote if:

(a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or

(b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

10. Resolution 10 – Authority for Dr Anton Uvarov to participate in the Director Placement

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

"That, subject to each of the Acquisition Resolutions being passed, for the purpose of Listing Rule 10.11, and for all other purposes, Shareholders approve and authorise Dr Anton Uvarov (and/or his nominees) to participate in the Director Placement to the extent of up to 2,000,000 Shares

each at an issue price of $0.02 on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Dr Anton Uvarov and his nominees and any associates of those persons.

However, the Company will not disregard a vote if:

(a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or

(b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

11. Resolution 11 – Authority for Dr Jason Loveridge to participate in the Director Placement

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

"That, subject to each of the other Acquisition Resolutions being passed, for the purpose of Listing Rule 10.11, and for all other purposes, Shareholders approve and authorise Dr Jason Loveridge (and/or his nominees) to participate in the Director Placement to the extent of up to 5,000,000 Shares each at an issue price of $0.02 on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Dr Jason Loveridge and his nominees and any associates of those persons.

However, the Company will not disregard a vote if:

(a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or

(b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

12. Resolution 12 – Authority for Mr Martin Rogers to participate in the Director Placement

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

"That, subject to each of the other Acquisition Resolutions being passed, for the purpose of Listing Rule 10.11, and for all other purposes, Shareholders approve and authorise Mr Martin Rogers (and/or his nominees) to participate in the Director Placement to the extent of up to 10,000,000 Shares each at an issue price of $0.02 on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Mr Martin Rogers and his nominees and any associates of those persons.

However, the Company will not disregard a vote if:

(a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or

(b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

13. Resolution 13 – Appointment of Dr Jason Loveridge as a Director

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

"That, subject to each of the other Acquisition Resolutions being passed, in accordance with Article 13.3 of the Constitution, and with effect from completion of the Acquisition, Dr Jason Loveridge be appointed as a Director."

14. Resolution 14 – Appointment of Mr Martin Rogers as a Director

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

"That, subject to each of the other Acquisition Resolutions being passed, in accordance with Article 13.3 of the Constitution, and with effect from completion of the Acquisition, Mr Martin Rogers be appointed as a Director."

15. Resolution 15 - Authority to grant Facilitator Options

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

"That, subject to each of the other Acquisition Resolutions being passed, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Directors to grant up to 5,500,000 Facilitator Options each exercisable at $0.02 on or before 30 November 2018 to Concept Biotech on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Concept Biotech and a person who might obtain a benefit (except a benefit solely in their capacity as holder of ordinary securities) if the Resolution is passed and any associates of those persons.

However, the Company will not disregard a vote if:

(a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or

(b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

16. Resolution 16 – Approval of Employee Share Plan

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

"That, subject to each of the other Acquisition Resolutions being passed, for the purposes of Listing Rule 7.2 Exception 9(b), as an exception to Listing Rule 7.1, section 259B(2) of the Corporations Act 2001 (Cth), and for all other purposes, approval be given to the establishment of the Employee Share Plan and the issue of securities under the Employee Share Plan on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any of their associates.

However, the Company will not disregard a vote if:

(a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

(b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

17. Resolution 17 – Approval of issue of Loan Shares to Dr Jason Loveridge

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

"That, subject to each of the other Acquisition Resolutions being passed, for the purposes of Listing Rule 10.14, and for all other purposes, approval be given to the Company to grant up to 6,000,000 Loan Shares to Dr Jason Loveridge under the Employee Share Plan, on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a Director who is eligible to participate in the Employee Share Plan and any of their associates.

However, the Company will not disregard a vote if:

(a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

(b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

18. Resolution 18 – Approval of issue of Loan Shares to Mr Martin Rogers

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

"That, subject to each of the other Acquisition Resolutions being passed, for the purposes of Listing Rule 10.14, and for all other purposes, approval be given to the Company to grant up to 25,000,000 Loan Shares to Mr Martin Rogers under the Employee Share Plan, on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a Director who is eligible to participate in the Employee Share Plan and any of their associates.

However, the Company will not disregard a vote if:

(a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

(b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

19. Resolution 19 – Approval of issue of Loan Shares to Mr Vincent Ruffles

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

"That, subject to each of the other Acquisition Resolutions being passed, for the purposes of Listing Rule 7.1, and for all other purposes, approval be given to the Company to grant up to 2,000,000 Loan Shares to Mr Vincent Ruffles under the Employee Share Plan, on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Mr Vincent Ruffles and a person who might obtain a benefit (except a benefit solely in their capacity as holder of ordinary securities) if the Resolution is passed and any associates of those persons

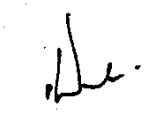
However, the Company will not disregard a vote if:

(a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

(b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Dated 16 October 2014

BY ORDER OF THE BOARD



Mr Peter Webse
Company Secretary

ACTINOGEN LIMITED

ACN 086 778 476

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Level 2, 1 Walker Avenue, West Perth, Western Australia on Wednesday 19 November 2014 at 10.30am (WST).

This Explanatory Memorandum should be read in conjunction with, and forms part of, the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions set out in the Notice.

A Proxy Form is located at the end of the Explanatory Memorandum.

2. Action to be taken by Shareholders

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

2.1 Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgment of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

(a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;

(b) a proxy need not be a member of the Company; and

(c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

2.2 Voting Prohibition by Proxy Holders

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote on the basis of that appointment on Resolutions 1 and 16 to 19 if:

(a) the person is either:

  (i) a member of the Key Management Personnel of the Company; 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 Resolutions 1 and 16 to 19.

However, the prohibition does not apply if:

(c) the proxy is the Chairman; and

(d) the appointment expressly authorises the Chairman to exercise the proxy even if Resolutions 1 and 16 to 19 are connected directly or indirectly with remuneration of a member of the Key Management Personnel of the Company.

3. Annual Report

Shareholders will be offered the opportunity to discuss the Annual Report at the Meeting. Copies of the report can be found on the Company's website www.actinogen.com.au or by contacting the Company on (08) 9481 3860.

There is no requirement for Shareholders to approve the Annual Report.

Shareholders will be offered the following opportunities:

(a) discuss the Annual Report for the financial year ended 30 June 2014;

(b) ask questions or make comment on the management of the Company;

(c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

(d) the preparation and the content of the Auditor's Report;

(e) the conduct of the audit;

(f) accounting policies adopted by the Company in relation to the preparation of the financial statements; and

(g) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

4. Resolution 1 – Adoption of Remuneration Report

Section 250R(2) of the Corporations Act provides that the Company is required to put the Remuneration Report to the vote of Shareholders. The Directors' Report contains a Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the executive and non-executive directors.

Section 250R(3) of the Corporations Act provides that Resolution 1 is advisory only and does not bind the Directors of the Company. Of itself, a failure of Shareholders to pass Resolution 1 will not require the Directors to alter any of the arrangements in the Remuneration Report.

However, the Corporations Act has been amended by the Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act (**Director and Executive Remuneration Act**) which received the Royal Assent on 27 June 2011 and came into effect on 1 July 2011.

The Director and Executive Remuneration Act introduced new sections 250U and 250Y, among others, into the Corporations Act, giving Shareholders the opportunity to remove the Board if the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings (**Two Strikes Rule**).

Under the Two Strikes Rule, where a resolution on the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting, a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the Managing

Director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

At the Company's 2013 Annual General Meeting the remuneration report was approved by over 75% of shareholders.

In summary, if the Remuneration Report receives a 'no' vote of 25% or more at this Meeting, Shareholders should be aware that if there is a 'no' vote of 25% or more at the next annual general meeting the consequences are that all Directors (other than the Managing Director) may be up for re-election.

The Chairman will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

The Chairman intends to exercise all undirected proxies in favour of Resolution 1. If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention.

5. Resolution 2 – Approval of 10% Placement Facility

5.1 General

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of $300 million or less. The Company is an eligible entity.

While the Company has no current intention to use the 10% Placement Facility, the Company is now seeking shareholder approval by way of a special resolution to have the ability, if required, to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 5.2(c) below).

The Company intends to continue to develop its existing technology and if the Acquisition is approved, develop the Corticrine assets. The Company may use the 10% Placement Facility to develop its existing key projects and to acquire new assets, technology and investments.

The Directors of the Company believe that Resolution 2 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

5.2 Description of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue two classes of quoted Equity Securities, Shares and listed Options in addition to one class of unlisted Options.

(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

(A x D) – E

Where:

A is the number of shares on issue 12 months before the date of issue or agreement:

(A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;

(B) plus the number of partly paid shares that became fully paid in the 12 months;

(C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;

(D) less the number of fully paid shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

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

(d) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 5.2 (c) above).

(e) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days 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 five Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

(i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or

(ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(**10% Placement Period**).

5.3 Listing Rule 7.1A

The effect of Resolution 2 will be to allow the Directors to issue Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 2 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

5.4 Specific information required by Listing Rule 7.3A

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

(a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days 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 five Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(b) If Resolution 2 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below tables. There is a risk that:

(i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and

(ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

Table A below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

Table A also shows:

(iii) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and

(iv) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Table A

Variable 'A' in Listing Rule 7.1A2		Dilution		
		$0.02 50% decrease in Issue Price	$0.04 Issue Price	$0.08 100% increase in Issue Price
Current Variable A 252,632,338 Shares	10% voting dilution	25,632,233	25,632,233	25,632,233
	Funds raised	$512,644	$1,025,289	$2,050,578
50% increase in current Variable A 378,948,507 Shares	10% voting dilution	37,894,850	37,894,850	37,894,850
	Funds raised	$757,897	$1,515,794	$3,031,588
100% increase in current Variable A 505,264,676 Shares	10% voting dilution	50,526,467	50,526,467	50,526,467
	Funds raised	$1,010,529	$2,021,058	$4,042,117

Table B below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) assuming completion of the Acquisition, Tranche 2 Placement, Director Placement and issue of the Loan Shares pursuant to the Employee Share Plan.

Table B also shows:

(v) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company will have on issue assuming completion of the Acquisition, Tranche 2 Placement, Director Placement and issue of the Loan Shares pursuant to the Employee Share Plan. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a

takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and

(vi) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Table B

Variable 'A' in Listing Rule 7.1A2		Dilution		
		$0.02 50% decrease in Issue Price	$0.04 Issue Price	$0.08 100% increase in Issue Price
Variable A* 480,132,338 Shares	10% voting dilution	48,013,234	48,013,234	48,013,234
	Funds raised	$960,265	$1,920,529	$3,841,059
50% increase in current Variable A 720,198,507 Shares	10% voting dilution	72,019,851	72,019,851	72,019,851
	Funds raised	$1,440,397	$2,880,794	$5,761,588
100% increase in current Variable A 960,264,676 Shares	10% voting dilution	96,026,468	96,026,468	96,026,468
	Funds raised	$1,920,529	$3,841,059	$7,682,117

* Based on the number of ordinary securities the Company will have on issue assuming completion of the Acquisition, Tranche 2 Placement, Director Placement and issue of the Loan Shares pursuant to the Employee Share Plan.

The tables have been prepared on the following assumptions:

(i) the Company issues the maximum number of Equity Securities available under the 10% Placement Facility.

(ii) No Options are exercised into Shares before the date of the issue of the Equity Securities.

(iii) 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%.

(iv) 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 Facility, based on that Shareholder's holding at the date of the Meeting.

(v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

(vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes listed Options, it is assumed that those listed Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.

(vii) The issue price is $0.04, being the closing price of the Shares on ASX on 1 October 2014.

(c) The Company will only issue the Equity Securities during the 10% Placement Period. The approval under Resolution 2 for the issue of Equity Securities pursuant to the 10% Placement Facility will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).

(d) The Company may seek to issue the Equity Securities for the following purposes:

(i) non-cash consideration in relation to the acquisition of new assets, technology and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or

(ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards expanding the Company's existing business (including expenses associated with further tests in relation to the Company's existing Projects), pursuing other acquisitions that have a strategic fit or will otherwise add value to shareholders (including expenses associated with such acquisitions) and/or general working capital.

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) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the recipients of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

(i) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;

(ii) the effect of the issue of the Equity Securities on the control of the Company;

(iii) the financial situation and solvency of the Company; and

(iv) advice from corporate, financial and broking advisers (if applicable).

The recipients under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

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

(f) The Company previously obtained Shareholder approval under Listing Rule 7.1A at the Company's 2013 AGM.

In the 12 months preceding the date of the Meeting the Company issued a total of 251,500,000 Equity Securities which represent 491.86% of the total number of Equity Securities on issue at 29 November 2013. The Equity Securities issued in the preceding 12 months were as follows:

Date of Appendix 3B	**Number of Equity Securities**	**Class of Equity Securities and summary of terms**	**Names of recipients or basis on which recipients determined**	**Issue price of Equity Securities and discount to Market Price[1] on the trading day prior to the issue**	**If issued for cash** – the total consideration, what it was spent on and the intended use of any remaining funds **If issued for non-cash consideration** – a description of the consideration and the current value of the consideration
02/09//2014	50,000,000 Shares	Note 2	Sophisticated and professional investors nominated by Forrest Capital Pty Ltd.	$0.02 issue price being approximately a 58.33% discount to the Market Price on 01/09/2014 of $0.048.	$1.0 million. None of the funds raised from this issue have been spent at the date of this Notice and it is intended that the $1.0 million raised will be applied towards the proposed expenditure detailed in the table in Section 8.4.
10/04/2014	1,500,000 Shares	Note 2	Option holder who exercised listed Options	$0.02 exercise price being a 100% discount to the Market Price on 9/04/2014	$15,000. The funds raised were used for working capital purposes.
12/12//2013	50,000,000 Options	Note 3	Sophisticated and professional investors nominated by Forrest Capital Pty Ltd and Otsana Capital.	$0.0001 per Option	$500. The funds raised were used for working capital purposes.
12/12/2013	150,000,000 Shares	Note 2	Sophisticated and professional investors nominated by Forrest Capital Pty Ltd and Otsana Capital	$0.01 issue price being approximately a 30% discount to the Market Price on 11/12/2013	$1.5 million. The funds raised were applied to the Company's existing business, new investment opportunities and for working capital purposes.

Notes:

1. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises).
2. Fully paid ordinary shares in the capital of the Company, ASX Code: ACW (terms are set out in the Constitution).
3. 50,000,000 unlisted Options exercisable at $0.02 on or before 30 November 2018.

(g) The Company's cash balance on 19 November 2013 was approximately $42,000. Cash raised from issues in the previous 12 months totals $2,530,000 (before costs). The Company's cash balance at the date of this Notice is approximately $1,983,000. Funds raised have been used to fund development of the Company's existing assets, investigation of investment opportunities and otherwise for general working capital purposes. The remaining funds of $1,983,000 are intended to be used as detailed in the table in Section 8.4.

(h) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

6. Resolution 3 – Re-election of Director – Dr Anton Uvarov

Clause 13.4 of the Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but so that 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, 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 (if any) at that meeting.

Dr Anton Uvarov, having been appointed on 16 December 2013 retires at this Meeting in accordance with clause 13.4 of the Constitution and being eligible, seeks re-election from Shareholders.

Details of Dr Uvarov's experience is set out below:

Dr Uvarov has significant experience as an equity analyst in the healthcare sector, both domestically and internationally. Prior to moving to Australia, he was with Citigroup Global Markets where he spent two years as a member of the New York based biotechnology team. Dr Uvarov holds a PhD degree in Biotechnology and Medical Genetics from the University of Manitoba and an MBA degree from the University of Calgary, Canada. Dr Uvarov previously served as non-executive director of Acuvax Limited (ASX: ACU) and is currently an executive director of Sun Biomedical Limited (ASX: SBN).

7. Resolution 4 – Re-election of Director – Dr Brendan de Kauwe

Clause 13.2 of the Constitution provides that at the Company's annual general 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 for re-election. 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. A retiring Director is eligible for re-election. An election of Directors shall take place each year.

In determining the number of Directors to retire, no account is to be taken of:

(a) a Director who only holds office until the next annual general meeting pursuant to clause 13.4 of the Constitution; and/ or

(b) a Managing Director,

each of whom are exempt from retirement by rotation.

Dr Brendan de Kauwe, the Director longest in office since his last election, retires by rotation at this Meeting and, being eligible, seeks re-election.

Dr de Kauwe, the Executive Chairman of the Company, has been a Director since September 2013. He studied a Bachelor of Science and a Bachelor of Dental Surgery at 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 an ASIC compliant (RG 146) Securities Adviser. Dr de Kauwe's extensive science and bio-medical background, with more than 10 years' experience in the health sector; coupled with his finance backing, gives him an integral understanding in the evaluation of projects over a diverse range of sectors. He is currently a non-executive director of Virax Holdings Limited (ASX Code: VHL)

8. Resolution 5 – Approval of Acquisition of Corticrine Limited

8.1 Background

The Company announced on 27 August 2014 that it had entered into share sale and purchase agreements with the shareholders of Corticrine to acquire 100% of Corticrine (**Acquisition**).

Corticrine is a clinical stage UK biotechnology company focused on the development of novel treatments for Alzheimer's Disease (**AD**) and other major age-related neurodegenerative disorders. Corticrine's lead candidate UE2343 is a small molecule inhibitor of 11-beta-hydroxysteroid dehydrogenase (**11β-HSD1**) an enzyme that reduces cortisone to the active hormone cortisol that activates glucocorticoid receptors. There is evidence for a role of glucocorticoids and hypothalamus-pituitary–adrenal axis dysfunction in AD that includes both cortisol-induced neurotoxicity on the hippocampal formation and acute ongoing impairment of cognition. UE2343 was discovered in 2007 at the laboratory of Professor Brian Walker at the University of Edinburgh. Subsequently, the University received significant support from the Wellcome Trust's Seeding Drug Discovery program to advance UE2343 into early clinical development. Further information on Corticrine and its activities is set out in Schedule 1.

Under the terms of the Acquisition Agreements, the Company has agreed to issue the Vendor Shares as consideration to the Vendors.

This Meeting has been called by the Board to seek the necessary approvals required to effect the Acquisition.

8.2 Commercial Terms

The Company has entered into the Acquisition Agreements with the Vendors to acquire 100% ownership of Corticrine for total consideration of the 125,000,000 Vendor Shares.

Resolution 5 seeks Shareholder approval for the issue of the Vendor Shares (refer to Section 8.12 for further details).

The Acquisition Agreements are subject to certain conditions which must be satisfied or waived by 31 December 2014. These conditions have been satisfied with the exception of the following conditions which remain outstanding at the date of this Notice:

(a) the Company obtaining all necessary shareholder approvals as are required to give effect to the Acquisition;

(b) the Company completing the Tranche 2 Placement;

(c) no material breach of the Acquisition Agreements or certain warranties given in the Acquisition Agreements having occurred;

(d) no breach of the Licence Agreement having occurred.

If completion has not occurred under the Acquisition Agreements by 31 December 2014, then the Acquisition Agreements will be at an end.

The Acquisition Agreements also require the parties to comply with certain obligations prior to completion including:

(e) an obligation on the Vendors to ensure, and procure that Corticrine ensures, that (other than as agreed between the parties):

(i) Corticrine conducts its business in the ordinary course and does not incur any material liabilities (other than in the usual conduct of business), encumber or dispose of any assets, issue any securities or pay any dividend;

(ii) Corticrine complies with the terms of the License Agreement (except as otherwise agreed between the parties) and

(iii) nothing is done which is likely to have a material adverse impact on Corticrine and its assets.

(f) an obligation on the Company to ensure that (other than as agreed between the parties):

(i) it conducts its business in the ordinary course and does not incur any material liabilities (other than in the usual conduct of business), encumber or dispose of any assets, issue any securities or pay any dividend;

(ii) it complies with the terms of the Licence Agreement (except as otherwise agreed between the parties) and

(iii) nothing is done which is likely to have a material adverse impact on the Company and its assets.

Prior to Completion the Company and Corticrine will consult with each other in relation to any material expenditure or unusual items that may arise. The Company will also keep Corticrine informed about the Company's expenditure and cash position.

The Acquisition Agreements contain standard commercial warranties about Corticrine and its assets and limits of vendor liability that are usual for a transaction of this type.

Pursuant to the Acquisition Agreements, the Company has agreed to provide Corticrine an interest free loan of up to $50,000 for Corticrine to use for expenses in connection with the Licence Agreement. The loan will not repayable if the Acquisition does not complete.

The Company has covenanted to spend at least $900,000 in the first 12 months following completion of the Acquisition on advancing, or pursuing the advancement of, the intellectual property the subject of the Licence Agreement.

The Vendors have agreed that the Vendor Shares will be subject to 12 months voluntary escrow from the date of issue.

The Vendors have the right to nominate a director to the Board of the Company, and current Director, Mr Daniel Parasiliti, will resign with effect from completion of the Acquisition.

8.3 Summary of Licence Agreement

Corticrine is party to a licence agreement with the University of Edinburgh (**Licence Agreement**) under which Corticrine has an exclusive, worldwide licence to use the University of Edinburgh's intellectual property to develop products in the fields of dementia, related neurological disorders and metabolic disease (refer to the Company's ASX announcement dated 27 August 2014 for further details). The University of Edinburgh retains the right to use the intellectual property and improvements for educational and research purposes. Corticrine may grant sub-licences for products it develops to the extent of the licence under the Licence Agreement.

As consideration for the licence, Corticrine has issued shares in Corticrine to the University of Edinburgh (which will be sold to the Company as part of the Acquisition) and Corticrine must pay the University of Edinburgh a 5% royalty on the net sales from products it develops.

The licence agreement contains other terms and conditions customary for an agreement of its nature, including obligations on Corticrine to use commercially reasonable efforts to develop, bring to market and commercialise products in accordance with a commercial development plan, and termination rights for material breaches of the agreement and insolvency. In addition,

the University of Edinburgh has the right to terminate the Licence Agreement if the Company has not completed the Capital Raising (such that the Company has $3,000,000 net funds available) by 31 March 2015 (refer to Section 8.4 for further information on the Capital Raising) or if Corticrine does not develop products as required by the Licence Agreement.

8.4 Capital Raising and Use of Funds

The Company at 3 September 2014 had approximately $2,000,000 in cash. The Company intends to undertake a placement of up to 50,000,000 Shares each at an issue price of $0.02 to raise up to $1,000,000 (before costs) (**Tranche 2 Placement**) and a placement to Directors, Dr Brendan de Kauwe and Dr Anton Uvarov, and proposed Directors, Dr Jason Loveridge and Mr Martin Rogers, of up to 19,500,000 Shares each at an issue price of $0.02 to raise up to $390,000 (before costs) (**Director Placement**) to fund the Acquisition and expenditure on the assets owned by Corticrine and the existing business of the Company and to provide on-going working capital. Resolution 8 seeks Shareholder approval for the Tranche 2 Placement (refer to Section 11 for further details) and Resolutions 9 to 12 seek Shareholder approval for the Director Placement (refer to Section 12 for further details).

Forrest Capital has assisted the Company with the Tranche 1 Placement and Tranche 2 Placement. Parties related to the principals of Forrest Capital are also shareholders of Corticrine.

The proposed use of funds of the Company for the twelve months following completion of the Acquisition, the Tranche 2 Placement and the Director Placement is as follows:

Item	**Amount ($)**
Estimated costs of the Acquisition	$200,000
Expenditure on the Corticrine assets as follows: 1. Approximately $850,000 on the Phase 1b multiple ascending dose study which is expected to involve 40 patients;* and 2. Approximately $50,000 on manufacture of active pharmaceutical ingredient capsules.	$900,000
Expenditure on the Company's existing technology as follows: 1. Approximately $220,000 on the antibiotic technology to continue to conduct trials including screening the proprietary library of actinomycetes to identify isolates that poses antimicrobial activity for highly resistant microorganisms (i.e. MRSA, VRE, Clostridium); and 2. Approximately $730,000 on the cancer stem cell technology to continue to examine the effects of actinomycete isolates on cell viability in glioblastoma (a form of brain tumor) cell lines. Further experiments will involve proving the data from cell lines in animal models (i.e. xenografts).	$950,000
Working capital and corporate administration costs	$1,340,000
Total	**$3,390,000**

* Refer to Schedule 1 for further details.

8.5 Effect of the Acquisition on the Company

(a) Capital Structure

Below is a table showing the Company's current capital structure and the possible capital structure following completion of the Acquisition, Tranche 2 Placement and Director Placement.

	Number of Shares	**Number of Options**
Balance at the date of this Notice	252,632,338	57,603,177[(1)]
Shares to be issued pursuant to the Acquisition	125,000,000	-
Shares to be issued pursuant to the Tranche 2 Placement	50,000,000	-
Shares to be issued pursuant to the Director Placement	19,500,000	-
Loan Shares to be issued pursuant to the Employee Share Plan	33,000,000[(2)]	-
Options to be issued to Concept Biotech	-	5,500,000[(3)]
Balance following completion of the Acquisition	**480,132,338**	**63,103,177**

(1) Comprises 9,103,177 listed options each exercisable at $0.40 on or before 30 September 2015 and 48,500,000 unlisted options each exercisable at $0.02 on or before 30 November 2018.

(2) Refer to Sections 16 to 18 for further details.

(3) Each exercisable at $0.02 on or before 30 November 2018. Refer to Section 14.2 for further details.

(b) Pro Forma Balance Sheet following the Acquisition

Refer to section 5.4.1 of the Independent Expert's Report for an audited consolidated statement of financial position (balance sheet) of the Company as at 30 June 2014 together with a pro-forma consolidated statement of financial position following completion of the Acquisition and based on the assumptions stated in the Independent Expert's Report.

8.6 Risk Factors

While the Company will undertake requisite due diligence process (including financial, legal, technical and other risks) in relation to Corticrine and its assets, it should be noted that the usual risks associated with biotechnology companies with a small market capitalisation are expected to remain after the completion of due diligence.

Shareholders and investors should also be aware that the Acquisition Agreements to acquire Corticrine are conditional on a number of events (refer to Section 8.2 above). Accordingly there is a risk that the Acquisition may not be completed.

Investing in a company involves risks of various kinds, some of which are within the realms of influence of the Company and some, arising from external factors, which may be beyond the control of the Company. A summary of the risks associated with the Acquisition and ongoing research and development activities of Corticrine are outlined in Schedule 2.

8.7 Advantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on Resolution 5. Refer to sections 11.2 to 11.6 of the Independent Expert's Report for further advantages:

(a) the Acquisition represents an opportunity for the Company to diversify its interests to include a greater focus in the fields of dementia, related neurological disorders and metabolic disease;

(b) the Acquisition creates an increase in the scale of the Company's existing operations and assets of the Company. This may enhance the prospects of the Company that currently has been operating without significant success, and is small in scale;

(c) in the current market environment there is a greater likelihood of creating Shareholder value by expanding the Company's business to include a greater focus in the fields of dementia, related neurological disorders and metabolic disease;

(d) the proposed additions to the Board will provide an experienced and balanced set of skills to guide the growth of the Company; and

(e) the potential increase in market capitalisation of the Company following completion of the Acquisition and the associated capital raisings may lead to increased coverage from investment analysts, access to improved equity capital market opportunities and increased liquidity.

8.8 Disadvantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote of Resolution 5. Refer to sections 11.7 to 11.9 of the Independent Expert's Report for further disadvantages:

(a) the Company will be changing its activities to include a greater focus in the fields of dementia and related neurological disorders, which may not be consistent with the objectives of all Shareholders;

(b) the acquisition of Corticrine will result in the issue of the Vendor Shares and the Tranche 2 Placement Shares which will have a dilutionary effect on the holdings of Shareholders;

(c) significant future outlays of funds from the Company will be required for Corticrine; and

(d) risk factors associated with the expansion of the Company's activities some of which are outlined in Schedule 2.

8.9 Plans for the Company if the Acquisition is not completed

If the Company does not complete the Acquisition, the Company will continue with its current activities and continue to seek, and undertake due diligence on, new opportunities for growth.

8.10 Directors' Recommendation in relation to Acquisition

Based on the information available, including the information contained in this Explanatory Memorandum the Directors recommend that Shareholders vote in favour of the Acquisition Resolutions.

8.11 Independent Expert's Report

The Directors resolved to appoint Stantons International Securities as an independent expert and commissioned it to prepare a report to provide an opinion as to whether or not the proposal in Resolution 6 is fair and reasonable to the existing Shareholders.

What is fair and reasonable must be judged by the independent expert in all the circumstances of the proposal. This requires taking into account the likely advantages to Shareholders if the proposal is approved and comparing them with the disadvantages to them if the proposal is not approved.

Stantons International Securities has concluded that the proposed Common Shareholder Acquisition is not fair but reasonable to the existing Shareholders.

The Company strongly recommends that you read the Independent Expert's Report in full, a copy of which is in Annexure A to this Explanatory Memorandum.

8.12 Shareholder Approvals

Resolution 5 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of the Vendor Shares to the Vendors and pursuant to Listing Rule 11.1.2 for the significant change in the scale of the Company's activities resulting from the Acquisition.

Resolution 5 is an ordinary Resolution and is subject to each of the other Acquisition Resolutions being passed.

8.13 Listing Rule 7.1

Listing Rule 7.1 provides that a company must not (subject to specified exceptions), without the approval of shareholders, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Given the Vendor Shares to be issued under Resolution 5 will exceed the Company's 15% threshold and none of the exceptions contained in Listing Rule 7.2 apply, Shareholder approval is required in accordance with Listing Rule 7.1.

8.14 Listing Rule 11.1.2

Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable and comply with the following:

(a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;

(b) if ASX requires, obtain the approval of holders of its shares and any requirements of ASX in relation to the notice of meeting (the notice of meeting must include a voting exclusion statement); and

(c) if ASX requires, meet the requirements of Chapters 1 and 2 of the Listing Rules as if the Company were applying for admission to the official list of ASX.

ASX has indicated to the Company that given the change in the scale of the Company's activities resulting from the Acquisition it requires the Company to obtain Shareholder approval. The Company is not required to re-comply with the admission requirements set out in Chapters 1 and 2 of the Listing Rules. A voting exclusion is included in the Notice.

8.15 Information required by Listing Rule 7.3

For the purposes of Listing Rule 7.3 information regarding the issue of the Vendor Shares is provided as follows:

(a) The maximum number of Shares the Company will issue to the Vendors is 125,000,000.

(b) The Vendor Shares may be issued no later than three months after the date of the Meeting (or such later date to the extent permitted by an ASX waiver or modification of the Listing Rules).

(c) The Vendor Shares will be issued as consideration for the Acquisition and accordingly no funds will be raised from the issue of the Vendor Shares.

(d) The Vendor Shares will be issued to the Vendors (being the eight shareholders of Corticrine) who are not related parties of the Company. No Vendor will hold more than 20% of the Shares in the Company following completion of the Acquisition and none of the Vendors are associates.

(e) The Vendor Shares will comprise fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company.

(f) The Vendor Shares may be issued progressively.

(g) A voting exclusion statement is included in the Notice.

9. Resolution 6 – Approval of acquisition of Corticrine Shares from the Common Shareholders

9.1 General

Listing Rule 10.1 provides that, subject to certain exceptions, Shareholder approval is required for a company to acquire a substantial asset from a substantial shareholder.

The Common Shareholders are shareholders of Corticrine and, together with related entities, are each major Shareholders of the Company.

None of the Common Shareholders individually is a substantial holder who has, or in the last six months had, an interest in at least 10% of the issued capital of the Company for the purposes of Listing Rule 10.1 and none of the Common Shareholders are associates. Accordingly, Shareholder approval under Listing Rule 10.1 is not required for the Common Shareholder Acquisition.

However, given that these parties (and their related entities) in aggregate hold more than 10% of the issued capital of the Company and the Vendor Shares that they will receive in aggregate as consideration for the Acquisition (being 44,151,552 Shares in aggregate) will exceed 5% of the equity interests of the Company, the Company has determined for good corporate governance to seek Shareholder approval pursuant to Listing Rule 10.1 for the portion of the Acquisition which is being acquired by the Company from the Common Shareholders.

Resolution 6 is an ordinary Resolution and is subject to each of the other Acquisition Resolutions being passed.

9.2 Information required by Listing Rule 10.10

For the purposes of Listing Rule 10.10 information regarding the Common Shareholder Acquisition is provided as follows:

(a) A voting exclusion statement is included in the Notice.

(b) A report on the Common Shareholder Acquisition from an independent expert is included in Annexure A to this Explanatory Memorandum. Stantons International Securities has concluded that the proposed transaction is not fair but reasonable to the non-associated Shareholders.

10. Resolution 7 – Ratification of Tranche 1 Placement

10.1 General

On 2 September 2014, the Company issued 50,000,000 Shares at an issue price of $0.02 each to the Tranche 1 Placement Participants to raise $1,000,000 (before costs).

The funds raised from the issue of the Tranche 1 Placement Shares will be used by the Company to fund the Acquisition and expenditure on the assets owned by Corticrine and the existing business of the Company and to provide on-going working capital.

The Tranche 1 Placement Shares were issued within the Company's 15% annual limit permitted under Listing Rule 7.1 and the additional 10% annual limit approved by Shareholders under Listing Rule 7.1A at the Company's 2013 Annual General Meeting, without the need for Shareholder approval. A summary of Listing Rule 7.1 is provided in Section 8.13.

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

Resolution 7 seeks Shareholder approval for the ratification of the issue of the Tranche 1 Placement Shares pursuant to Listing Rule 7.4. The effect of Shareholders passing Resolution 7 will be to restore the Company's ability to issue securities within the 15% placement capacity under Listing Rule 7.1 during the next 12 months and within the additional 10% placement capacity under Listing Rule 7.1A during the 12 months from the date of the Company's 2013 Annual General Meeting, without obtaining prior Shareholder approval.

Resolution 7 is an ordinary resolution.

10.2 Information required by Listing Rule 7.5

For the purposes of Listing Rule 7.5 information regarding the issue of the Tranche 1 Placement Shares is provided as follows:

(a) 50,000,000 were issued pursuant to the Tranche 1 Placement.

(b) The Shares were issued at $0.02 each.

(c) The Tranche 1 Placement Shares comprise fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company.

(d) The Tranche 1 Placement Shares were issued to the Tranche 1 Placement Participants, none of who are related parties of the Company.

(e) The funds raised from the issue of the Tranche 1 Placement Shares will be used by the Company to fund the Acquisition and expenditure on the assets owned by Corticrine and the existing business of the Company and to provide on-going working capital.

(f) A voting exclusion statement is included in the Notice.

11. Resolution 8 - Authority to issue Tranche 2 Placement Shares

11.1 General

As announced to the ASX on 27 August 2014, the Company intends to undertake a placement of 50,000,000 Shares each at an issue price of $0.02, to raise $1,000,000 (before costs) as the second tranche of the Placement.

The funds raised from the issue of the Tranche 2 Placement Shares will be used by the Company to fund the Acquisition and expenditure on the assets owned by Corticrine and the existing business of the Company and to provide on-going working capital.

Given the Tranche 2 Placement Shares to be issued under Resolution 8 will exceed the 15% threshold set out in Listing Rule 7.1 and none of the exceptions contained in Listing Rule 7.2 apply, Shareholder approval is required under Listing Rule 7.1. A summary of Listing Rule 7.1 is provided in Section 8.13.

Resolution 8 is an ordinary resolution and is subject to each of the other Acquisition Resolutions being passed.

11.2 Information required by Listing Rule 7.3

For the purposes of Listing Rule 7.3, information regarding the issue of the Tranche 2 Placement Shares is provided as follows:

(a) The maximum number of Share that the Company may issue under the Tranche 2 Placement is 50,000,000.

(b) The Tranche 2 Placement Shares may be issued no later than three months after the date of the Meeting (or such later date to the extent permitted by an ASX waiver or modification of the Listing Rules).

(c) The Tranche 2 Placement Shares will be issued at an issue price of $0.02 per Share.

(d) The Tranche 2 Placement Shares will be issued to sophisticated clients of Forrest Capital, none of who will be related parties of the Company.

(e) The Tranche 2 Placement Shares will comprise fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company.

(f) The funds raised from the issue of the Tranche 2 Placement Shares will be used by the Company to fund the Acquisition and expenditure on the assets owned by Corticrine and the existing business of the Company and to provide on-going working capital.

(g) The issue of the Tranche 2 Placement Shares may occur progressively.

(h) A voting exclusion statement is included in the Notice.

12. Resolutions 9 to 12 – Authority for the Directors and proposed Directors to participate in the Director Placement

12.1 General

As announced to the ASX on 27 August 2014, the Company intends to undertake a placement of 19,500,000 Shares (**Director Placement Shares**) each at an issue price of $0.02, to raise $390,000 (before costs) to Directors, Dr Brendan de Kauwe and Dr Anton Uvarov and proposed Directors, Dr Jason Loveridge and Mr Martin Rogers (together the **Director Placement Participants**) and/or their nominees (**Director Placement**).

The funds raised from the issue of the Director Placement Shares will be aggregated with and used for the same purpose as the funds raised from the Tranche 2 Placement.

Listing Rule 10.11 provides that a company must not (subject to specified exceptions) issue or agree to issue equity securities to a related party without the approval of shareholders. Each of the Director Placement Participants is a related party of the Company by virtue of being a Director or proposed Director. Therefore approval is required under Listing Rule 10.11 for the issue of the Director Placement Share to them.

Resolutions 9 to 12 seek Shareholder approval pursuant to Listing Rule 10.11 for the issue of the Director Placement Shares to the Director Placement Participants. If approval is given under Listing Rule 10.11, Shareholder approval is not required under Listing Rule 7.1.

Furthermore, Shareholder approval of the issue of the Director Placement Shares means that these issues will not reduce the Company's 15% placement capacity under Listing Rule 7.1.

Resolutions 9 to 12 are ordinary resolutions and are subject to each of the other Acquisition Resolutions being passed.

12.2 Information required by Listing Rule 10.13

For the purposes of Listing Rule 10.13, information regarding the issue of the Director Placement Shares is provided as follows:

(a) The maximum number of Shares to be issued to the Director Placement Participants (and/or their nominees) is:

(i) Dr Brendan de Kauwe (and/or his nominees) – up to 2,500,000 Shares;

(ii) Dr Anton Uvarov (and/or his nominees) – up to 2,000,000 Shares;

(iii) Dr Jason Loveridge (and/or his nominees) – up to 5,000,000 Shares; and

(iv) Mr Martin Rogers (and/or his nominees) – up to 10,000,000 Shares.

(b) The Shares will be issued no later than one month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that all of the Director Placement Shares will be issued on the same date.

(c) Each of the Director Placement Participants is a related party of the Company by virtue of being a Director or a proposed Director.

(d) The Director Placement Shares will be issued at an issue price of $0.02 per Share (being the same price as the Tranche 2 Placement).

(e) The Director Placement Shares will comprise fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company.

(f) The funds raised from the issue of the Director Placement Shares will be aggregated with and used for the same purpose as the funds raised from the Tranche 2 Placement.

(g) As Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required.

(h) A voting exclusion statement is included in the Notice.

13. Resolutions 13 and 14 – Appointment of Directors

13.1 General

Pursuant to the Acquisition Agreements, Corticrine has the right to appoint a director to the Board of the Company with effect from completion of the Acquisition (refer to 8.2 for further details). Corticrine has nominated Dr Jason Loveridge as its nominee to be appointed as a non-executive Director.

In addition, as announced to the ASX on 27 August 2014 the Company is also proposing to appoint Mr Martin Rogers as a non-executive Chairman with effect from completion of the Acquisition subject to Shareholder approval.

Article 13.3 of the Constitution provides that the Company in general meeting may by ordinary resolution appoint any person as a Director.

Accordingly, Dr Jason Loveridge and Mr Martin Rogers seek approval to be appointed as a Director with effect from Completion of the Acquisition.

Resolutions 13 and 14 are ordinary resolutions and are subject to each of the other Acquisition Resolutions being passed.

13.2 Candidate Director's Profile – Dr Jason Loveridge (Resolution 13)

Dr. Jason Loveridge has been working in the biotech and medtech industries for over 20 years. As a venture investor with JAFCO Nomura Dr Loveridge invested in over 24 companies in Europe, the US and Israel. Since leaving the investment arena in 2005, Dr Loveridge has been directly

involved in the management of a number of small innovative companies in the medical arena, specifically in restructuring, refinancing and in product commercialisation. Dr Loveridge is currently a Non-Executive Director of Resonance Health (ASX: RHT), an Australian healthcare company specialising in the development and commercialisation of magnetic resonance imaging (MRI) related technology.

13.3 Candidate Director's Profile – Mr Martin Rogers (Resolution 14)

Mr Martin Rogers is a successful startup investor and company director. Mr Rogers has Chemical Engineering and Science degrees and has a depth of experience in incubating companies and publicly listed organisations. Mr Rogers has experience in all aspects of financial, strategic and operational management and has helped raise over $100,000,000 cash equity. Mr Rogers has been both an investor and senior executive in a private funded advisory business in the science and biotechnology sectors, where he was instrumental in significantly increasing the value of those investments. Mr Rogers also holds a number of not-for-profit roles. Mr Rogers is also Chairman of Oncosil (ASX: OSL), Chairman of Rhinomed Ltd (ASX: RNO), and non-executive director of Cellmid Ltd (ASX: CDY).

14. Resolution 15 – Authority to grant Facilitator Options

14.1 General

The Company has agreed, subject to Shareholder approval, to grant up to 5,500,000 Facilitator Options to Concept Biotech in recognition of its role in facilitating the Acquisition.

Concept Biotech is a shareholder of Corticrine and will receive 7,362,435 Consideration Shares on completion of the Acquisition. In addition, a related party of Concept Biotech is a shareholder of Corticrine and will receive 7,354,749 Consideration Shares on completion of the Acquisition.

Given the Facilitator Options to be granted under Resolution 15 will exceed the 15% threshold set out in Listing Rule 7.1 and none of the exceptions contained in Listing Rule 7.2 apply, Shareholder approval is required under Listing Rule 7.1. A summary of Listing Rule 7.1 is provided in Section 8.1.

Resolution 15 is an ordinary resolution and is subject to each of the other Acquisition Resolutions being passed.

14.2 Information required by Listing Rule 7.3

For the purposes of Listing Rule 7.3, information regarding the grant of the Facilitator Options is provided as follows:

(a) The maximum number of Facilitator Options that the Company may grant under Resolution 15 is 5,500,000.

(b) The Facilitator Options may be granted no later than three months after the date of the Meeting (or such later date to the extent permitted by an ASX waiver or modification of the Listing Rules).

(c) The Facilitator Options are being granted for nil consideration in recognition of Concept Biotech's role in facilitating the Acquisition and accordingly, no funds will be raised from the grant of the Facilitator Options.

(d) The Facilitator Options will be granted to Concept Biotech who is not a related party of the Company.

(e) The Facilitator Options are each exercisable at $0.02 on or before 30 November 2018. Further terms and conditions of the Facilitator Options are set out in Schedule 3.

(f) The grant of the Facilitator Options may occur progressively.

(g) A voting exclusion statement is included in the Notice.

15. Resolution 16 – Approval of Employee Share Plan

15.1 General

A new Employee Share Plan forming part of the Company's employee remuneration and incentive program was adopted by the board of the Company (**Board**) on 13 October 2014 (**Employee Share Plan** or **Plan**).

The Plan has been designed to support the achievement of the Company's business strategy by linking executive reward to improvements in the financial performance of the Company or appropriate other vesting conditions and aligning the interests of executives with shareholders.

Key terms of the Employee Share Plan are detailed below:

(a) Invitation to participate

It is proposed that from time to time, and in its absolute discretion, the Board will invite employees of the Company (including the directors) to subscribe for shares under the Plan (**Loan Shares**) and, if the Board considers appropriate, to receive a limited recourse loan for all or part of the subscription price for those Loan Shares.

(b) Loan terms

The key terms of each limited recourse loan provided under the Plan are as follows:

(i) the loan may only be applied towards the subscription price for the Loan Shares;

(ii) the loan will be interest free, provided that if the loan is not repaid by the repayment date set by the Board, the loan will incur interest at 9% per annum after that date (which will accrue on a daily basis and compound annually on the then outstanding loan balance);

(iii) by signing and returning a limited recourse loan application, the participants of the Plan (each a Participant) acknowledges and agrees that the Loan Shares will not be transferred, encumbered, otherwise disposed of, or have a security interest granted over it, by or on behalf of the Participant until the loan is repaid in full to the Company;

(iv) the Company has security over the Loan Shares as security for repayment of the loan;

(v) the loan becomes repayable on the earliest of:

(A) five years from the date on which the loan is advanced to the Participant;

(B) one month after the Participant resigns or ceases to be employed by the Company other than (i) where the Participant is removed from office by shareholders of the Company, or (ii) where the Company does not renew the Participant's executive employment agreement or (iii) where the Company dismisses the Participant other than for cause; and

(C) (by the legal personal representative of the Participant) six months after the Participant ceases to be an employee of the Company due to their death;

(**Repayment Date**),

(vi) notwithstanding paragraph (v) above, the Participant may repay all or part of the loan at any time before the Repayment Date; and

(vii) the loan will be limited recourse such that on the Repayment Date the repayment obligation under the limited recourse loan will be limited to the lesser of (i) the outstanding balance of the limited recourse loan and (ii) the market value of the Loan Shares on that date. In addition, where the Participant has elected for the Loan Shares to be provided to the Company in full satisfaction of the loan, the Company must accept the Loan Shares as full settlement of the repayment obligation under the limited recourse loan.

(c) Rights attaching to Loan Shares

The Loan Shares will rank equally with all other fully paid ordinary shares on issue in the capital of the Company. Holders of Loan Shares issued under the Plan will be entitled to exercise all voting rights attaching to the Shares in accordance with the Company's constitution. In addition, holders of Loan Shares issued under the Plan will be entitled to participate in dividends declared and paid by the Company in accordance with the Company's constitution.

(d) Vesting conditions

Under the Employee Share Plan, the Directors may issue the Loan Shares subject to vesting conditions (including performance milestones and time based retention hurdles), such that the holder of the Loan Shares is only entitled to the benefit of the Loan Shares once the vesting conditions are met. If the vesting conditions are not met, the holder will lose their entitlement to the Loan Shares and the Company may buy-back or arrange for the sale of those Loan Shares. This enables the Board to attract, incentivise and retain key personnel and to align the interests of those personnel and Shareholders through equity participation.

(e) Sale of Loan Shares

The Loan Shares may only be sold by a Participant where the Participant has been granted a limited recourse loan and the loan has been repaid in full (otherwise any dealing by the Participant in the Loan Shares is prohibited without the prior written consent of the Company).

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

15.2 Corporations Act

As stated above, the Company has security over the Loan Shares as security for repayment of the loan.

Section 259B(1) of the Corporations Act prohibits a company from taking security over its shares except as permitted by Section 259B(2). Section 259B(2) states that a company may take security over shares in itself under an employee share scheme that has been approved by a resolution passed at a general meeting of the company.

Section 260A(1)(c) of the Corporations Act prohibits a company from financially assisting a person to acquire shares in itself except as permitted by Section 260(C). Section 260(C)(4) provides for a special exemption for approved employee share schemes and states that financial assistance is exempted from Section 260(A) if it is given under an employee share scheme that has been approved by a resolution passed at a general meeting of the company.

Accordingly Shareholder approval is sought for Resolution 16 to ensure compliance with these sections of the Corporations Act.

15.3 Recommendation

The Directors recommend that shareholders vote in favour of Resolution 16.

16. Resolution 17 – Approval of issue of Loan Shares to Dr Jason Loveridge

16.1 Background

It is proposed, subject to Shareholder approval, that Dr Jason Loveridge be appointed a Director with effect from completion of the Acquisition. Refer to Section 13 for further details.

As announced to the ASX on 27 August 2014 the Board has decided to seek Shareholder approval for the issue of Loan Shares to Dr Loveridge as a long term incentive in connection with his appointment. Vesting of the Loan Shares is subject to certain vesting conditions set out below. The Company proposes to issue a total of up to 6,000,000 Loan Shares to Dr Loveridge under the Plan. The principal terms of the Plan are summarised in Section 15.1.

The Loan Shares will be issued at an issue price of $0.02 per Loan Share. The Company will provide a loan for up to the entire issue price of the Loan Shares. The principal terms of the loan are summarised in Section 15.1.

The proposed issue of Loan Shares to Dr Loveridge under the Plan has been designed to support the achievement of the Company's business strategy by linking reward to completion of the phase 1b multiple ascending dose study and funding of the phase 2a proof of concept study. This supports the alignment of the interests of Dr Loveridge with shareholders. The proposed issue of Loan Shares provides similar benefits to a conventional share option but in a more tax efficient manner.

Resolution 17 is an ordinary Resolution and is subject to each of the other Acquisition Resolutions being passed.

16.2 Listing Rule 10.14

Shareholder approval is required for the issue the Loan Shares to Dr Loveridge under Listing Rule 10.14 because Dr Loveridge is a proposed Director and the issue of the Loan Shares is subject to his appointment as a Director.

As Shareholder approval is sought under Listing Rule 10.14, approval under Listing Rule 7.1 is not required. Accordingly, the issue of Loan Shares to Dr Loveridge will not reduce the Company's 15% capacity for the purposes of Listing Rule 7.1.

16.3 Information required by Listing Rule 10.15

For the purposes of Listing Rule 10.15, information regarding the issue of Loan Shares to Dr Loveridge is provided as follows:

(a) The Loan Shares will be issued to proposed Director Dr Jason Loveridge, subject to his appointment as a Director of the Company.

(b) The maximum number of Loan Shares that may be issued to Dr Loveridge pursuant to Resolution 17 is 6,000,000 Loan Shares which comprises 3,000,000 Class A Loan Shares and 3,000,000 Class B Loan Shares.

(c) The Loan Shares will be issued at an issue price of $0.02 per Loan Share.

(d) The Loan Shares will be granted to Dr Loveridge in two classes:

Class of Loan Share	Vesting Date
Class A	Upon successful completion of the phase 1b multiple ascending dose study.
Class B	Upon funding of the phase 2a proof of concept study.

If the vesting conditions are not met, Dr Loveridge will lose his entitlement to the Loan Shares and the Company may buy-back or arrange for the sale of those Loan Shares.

(e) There have not been any Loan Shares issued under the Plan to date.

(f) Under the Plan only employees of the Company (including the directors) are entitled to participate in the Plan. It has been determined that upon his appointment as a director, Dr Loveridge will be an employee for the purposes of the Plan.

(g) A voting exclusion statement is included in the Notice.

(h) The material terms of the loan in relation to the Share Plan are detailed in Section 15.1 of this Notice.

(i) The Company will issue the Loan Shares no later than twelve months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).

16.4 Directors' recommendation

The Directors recommend that shareholders vote in favour of Resolution 17.

17. Resolution 18 – Approval of issue of Loan Shares to Mr Martin Rogers

17.1 Background

It is proposed, subject to Shareholder approval, that Mr Martin Rogers be appointed a Director with effect from completion of the Acquisition. Refer to Section 13 for further details.

As announced to the ASX on 27 August 2014 the Board has decided to seek Shareholder approval for the issue of Loan Shares to Mr Rogers as a long term incentive in connection with his appointment. Vesting of the Loan Shares is subject to certain vesting conditions set out below. The Company proposes to issue a total of up to 25,000,000 Loan Shares to Mr Rogers under the Plan. The principal terms of the Plan are summarised in Section 15.1.

The Loan Shares will be issued at an issue price of $0.02 per Loan Share. The Company will provide a loan for up to the entire issue price of the Loan Shares. The principal terms of the loan are summarised in Section 15.1.

The proposed issue of Loan Shares to Mr Rogers under the Plan has been designed to support the achievement of the Company's business strategy by linking reward to an increase in share price of the Company and recruitment of the phase 1b multiple ascending dose study and the phase 2a proof of concept study. This supports the alignment of the interests of Mr Rogers with shareholders. The proposed issue of Loan Shares provides similar benefits to a conventional share option but in a more tax efficient manner.

Resolution 18 is an ordinary Resolution and is subject to each of the other Acquisition Resolutions being passed.

17.2 Listing Rule 10.14

Shareholder approval is required for the issue the Loan Shares to Mr Rogers under Listing Rule 10.14 because Mr Rogers is a proposed Director and the issue of the Loan Shares is subject to his appointment as a Director.

As Shareholder approval is sought under Listing Rule 10.14, approval under Listing Rule 7.1 is not required. Accordingly, the issue of Loan Shares to Mr Rogers will not reduce the Company's 15% capacity for the purposes of Listing Rule 7.1.

17.3 Information required by Listing Rule 10.15

For the purposes of Listing Rule 10.15, information regarding the issue of Loan Shares to Mr Rogers is provided as follows:

(a) The Loan Shares will be issued to proposed Director Mr Martin Rogers, subject to his appointment as a Director of the Company.

(b) The maximum number of Loan Shares that may be issued to Mr Rogers pursuant to Resolution 18 is 25,000,000 Loan Shares which comprises 7,500,000 Class C Loan Shares, 7,500,000 Class D Loan Shares, 5,000,000 Class E Loan Shares and 5,000,000 Class F Loan Shares.

(c) The Loan Shares will be issued at an issue price of $0.02 per Loan Share.

(d) The Loan Shares will be granted to Mr Rogers in four classes:

Class of Loan Share	**Vesting Date**
Class C	Upon Shares trading on the ASX above $0.04 for ten consecutive trading days.
Class D	Upon Shares trading on the ASX above $0.06 for ten consecutive trading days.
Class E	Upon recruitment of the phase 1b multiple ascending dose study.
Class F	Upon recruitment of the phase 2a proof of concept study.

If the vesting conditions are not met, Mr Rogers will lose his entitlement to the Loan Shares and the Company may buy-back or arrange for the sale of those Loan Shares.

(e) There have not been any Loan Shares issued under the Plan to date.

(f) Under the Plan only employees of the Company (including the directors) are entitled to participate in the Plan. It has been determined that upon his appointment as a director, Mr Rogers will be employee for the purposes of the Plan.

(g) A voting exclusion statement is included in the Notice.

(h) The material terms of the loan in relation to the Share Plan are detailed in Section 15.1 of this Notice.

(i) The Company will issue the Loan Shares no later than twelve months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).

17.4 Directors' recommendation

The Directors recommend that shareholders vote in favour of Resolution 18.

18. Resolution 19 – Approval of issue of Loan Shares to Mr Vincent Ruffles

18.1 General

As announced to the ASX on 12 September 2014 the Board has appointed Mr Vincent Ruffles as the Vice President of Clinical Research for the Company. The Company proposes, subject to Shareholder approval, to issue a total of up to 2,000,000 Loan Shares under the Plan to Mr Vincent as a long term incentive in connection with his appointment. Vesting of the Loan Shares is subject to three years continuous employment with the Company. The principal terms of the Plan are summarised in Section 15.1.

The Loan Shares will be issued at an issue price of $0.02 per Loan Share. The Company will provide a loan for up to the entire issue price of the Loan Shares. The principal terms of the loan are summarised in Section 15.1.

Once the Plan is approved by Shareholders under Resolution 16, the issue of Loan Shares to employees (other than Directors) will not need Shareholder approval under the exception to Listing Rule 7.1 in Listing Rule 7.2 exception 9(b) (refer to Section 15 for further details). However, because the Company agreed to issue the Loan Shares to Mr Ruffles (subject to Shareholder approval) prior to obtaining Shareholder approval of the Plan, this exception does not apply. Given the Loan Shares to be issued under Resolution 19 will exceed the 15% threshold set out in Listing Rule 7.1 and none of the exceptions contained in Listing Rule 7.2 apply, Shareholder approval is required under Listing Rule 7.1. A summary of Listing Rule 7.1 is provided in Section 8.1.

Resolution 19 is an ordinary resolution and is subject to each of the other Acquisition Resolutions being passed.

18.2 Information required by Listing Rule 7.3

For the purposes of Listing Rule 7.3, information regarding the issue of the Loan Shares to Mr Ruffles is provided as follows:

(a) The maximum number of Loan Shares that the Company may issue under Resolution 19 is 2,000,000.

(b) The Loan Shares may be issued no later than three months after the date of the Meeting (or such later date to the extent permitted by an ASX waiver or modification of the Listing Rules).

(c) The Loan Shares will be issued to Mr Vincent Ruffles, an employee of the Company who is not a related party.

(d) The Loan Shares will be issued at an issue price of $0.02 per Loan Share.

(e) The Loan Shares will vest on the date that is three years from the commencement of Mr Ruffles employment with the Company. If Mr Ruffles ceases to be an employee of the Company prior to the Loan Shares vesting then he will not be entitled to the Loan Shares.

(f) The material terms of the loan in relation to the Share Plan are detailed in Section 15.1 of this Notice.

(g) No funds will be raised from the issue of the Loan Shares.

(h) The issue of the Loan Shares may occur progressively.

(i) A voting exclusion statement is included in the Notice.

19. Definitions

$ means Australian Dollars.

11β-HSD1 means 11-beta-hydroxysteroid dehydrogenase.

10% Placement Facility has the meaning in Section 5.1.

10% Placement Period has the meaning in Section 5.2(f).

Acquisition has the meaning in Section 8.1**.**

Acquisition Agreements means the share sale and purchase agreements between the Company and the Vendors.

Acquisition Resolutions means Resolutions 5, 6 and 8 and Resolutions 11 to 19.

AD means Alzheimer's Disease.

Annual Report means the Directors' Report, the Financial Report and Auditor's Report in respect to the financial year ended 30 June 2014.

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

Auditor's Report means the auditor's report on the Financial Report.

Board means the board of Directors.

Chairman means the chairman of this Meeting.

Class A Loan Shares means a Loan Share with the relevant vesting date in the table in Section 16.3(d).

Class B Loan Shares means a Loan Share with the relevant vesting date in the table in Section 16.3(d).

Class C Loan Shares means a Loan Share with the relevant vesting date in the table in Section 17.3(d).

Class D Loan Shares means a Loan Share with the relevant vesting date in the table in Section 17.3(d).

Class E Loan Shares means a Loan Share with the relevant vesting date in the table in Section 17.3(d).

Class F Loan Shares means a Loan Share with the relevant vesting date in the table in Section 17.3(d).

Closely Related Party means has the meaning in section 9 of the Corporations Act.

Common Shareholder Acquisition has the meaning in Resolution 6.

Common Shareholders means:

(a) Tisia Nominees Pty Ltd ACN 008 919 346;

(b) JK Nominees Pty Ltd ACN 064 939 546; and

(c) Oaktone Nominees Pty Ltd ACN 074 566 635.

Company or **Actinogen** means Actinogen Limited ACN 086 778 476.

Concept Biotech means Concept Biotech Pty Ltd ACN 117 956 573

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company.

Director Placement has the meaning in Section 8.4.

Director Placement Participants means Dr Brendan de Kauwe, Dr Anton Uvarov, Dr Jason Loveridge and Mr Martin Rogers.

Director Placement Shares has the meaning in Section 12.1.

Directors' Report means the annual directors report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

Explanatory Memorandum means the explanatory memorandum attached to the Notice.

Facilitator Option means an Option exercisable at $0.02 on or before 30 November 2011 and otherwise with the terms and conditions in Schedule 3.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities.

Forrest Capital means Forrest Capital Pty Ltd ACN 118 115 834.

Key Management Personnel means a person having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

License Agreement has the meaning in Section 8.3.

Listing Rules means the listing rules of ASX.

Loan Shares means has the meaning in Section 15.1.

Meeting has the meaning in the introductory paragraph of the Notice.

MRSA means staphyloccus aureus.

Notice means this notice of meeting.

Option means an option to acquire a Share.

Participant has the meaning in Section 15.1.

Plan or **Employee Share Plan** has the meaning in Section 15.1.

Proxy Form means the proxy form attached to this Notice.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

Resolution means a resolution contained in this Notice.

Section means a section contained in this Explanatory Memorandum.

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

Shareholder means a shareholder of the Company.

Stantons International Securities means Stantons International Securities Pty Ltd ACN 128 908 289 (trading as Stantons International Securities).

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

Tranche 1 Placement has the meaning in Resolution 7.

Tranche 1 Placement Participants means the participants in the Tranche 1 Placement being sophisticated clients of Forrest Capital.

Tranche 1 Placement Shares has the meaning in Resolution 7.

Tranche 2 Placement has the meaning in Resolution 8.

Tranche 2 Placement Shares has the meaning in Resolution 8.

University of Edinburgh means University Court of the University of Edinburgh.

Vendors means the shareholders of Corticrine being:

(a) Concept Biotech;

(b) Margaret Elizabeth Livingston;

(c) Warambi Sarl;

(d) Alan Boyd;

(e) Tisia Nominees Pty Ltd ACN 008 919 346;

(f) JK Nominees Pty Ltd ACN 064 939 546;

(g) Oaktone Nominees Pty Ltd ACN 074 566 635; and

(h) University of Edinburgh.

Vendor Shares has the meaning in Resolution 5.

VWAP means volume weighted average price.

VRE means vancomycin resistant enterococci.

WST means Western Standard Time, being the time in Perth, Western Australia.

In this Notice, words importing the singular include the plural and vice versa.

Schedule 1 Overview of Corticrine and its activities

About Alzheimer's Dementia

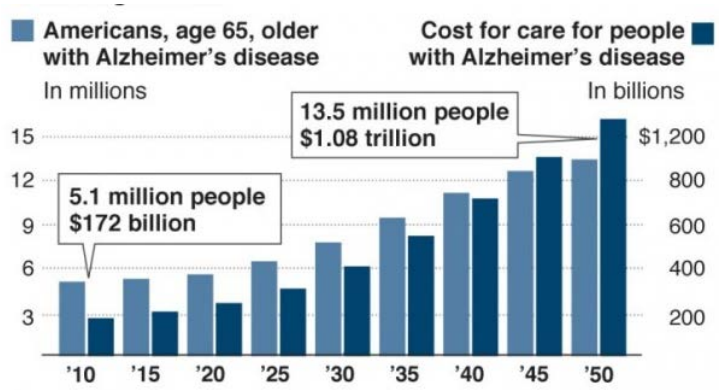


Figure 1. US represent largest opportunity in Alzheimer's. Current facts and figures.

Alzheimer's disease (AD) is a chronic neurodegenerative condition with onset around 60 years of age resulting in progressive cognitive impairments affecting memory, reason, judgment, language and, eventually, the ability to carry out even the simplest of tasks. The condition is the most common form of dementia and is associated with both amyloid plaques and neurofibrillary tangles in the brain.

The World Health Organization (WHO) estimates that currently over 18 million people world-wide suffer with AD, a figure projected to double by 2025.

Today, someone in America develops AD every 68 seconds. By 2050, there is expected to be one new case of AD every 33 seconds. This astonishing statistic has become a reality for the 5.1 million Americans that currently live with this neurological disease. United States represent the largest market opportunity for Alzheimer's and Dementia.

There are more than 332,000 Australians living with dementia. The disease is becoming the most recognized burden on the society. As part of the new Budget Australian Government committed $200,000,000 over five years - which includes $40,000,000 in 2018-19 - to boost research to improve the treatment of dementia in Australia.

A number of treatment options are currently available for AD that offer some symptomatic improvement. The most common classes of drugs for AD include: acetyl cholinesterase inhibitors such as Aricept (donepezil), and the N-methyl-D-aspartate glutamate receptor antagonist Namenda (memantine). AD continues to remain a key area of research and development focus for the pharmaceutical industry and a number of therapies targeting the amyloid cascade are in late stage clinical trials as well as active and passive immunotherapeutic agents, beta and gamma secretase inhibitors and amyloid aggregation inhibitors.

About Corticrine and its Lead Compound

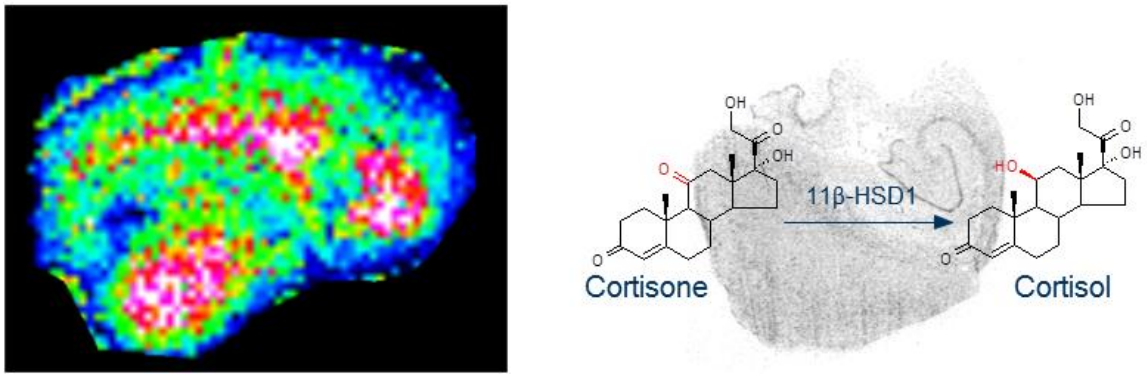


Figure 2. UE2343 penetration into brain, by mass spectrometry tissue imaging. 11β-HSD1 expression and function in the brain. 11β-HSD1 in brain is inversely associated with cognitive decline.

Corticrine is a clinical stage UK biotechnology company focused on the development of novel treatments for AD and other major age-related neurodegenerative disorders. Corticrine's lead candidate UE2343 is a small molecule inhibitor of 11-beta-hydroxysteroid dehydrogenase (11β-HSD1) an enzyme that reduces cortisone to the active hormone cortisol that activates glucocorticoid receptors (Figure 2). There is evidence for a role of glucocorticoids and hypothalamus-pituitary–adrenal axis dysfunction in AD that includes both cortisol-induced neurotoxicity on the hippocampal formation and acute ongoing impairment of cognition. Previous studies conducted by inventors demonstrated that 11β-HSD1 amplifies glucocorticoid action in the hippocampus and is up-regulated in age-associated memory impairment.

UE2343 was discovered in 2007 at the laboratory of Professor Brian Walker at the University of Edinburgh. Pre-clinical and clinical work on UE2343 was supported by The Wellcome Trust and the Medical Research Council. The drug development program in Edinburgh is supported by a Seeding Drug Discovery award from The Wellcome Trust.

To date, UE2343 and its analogs has completed safety pharmacology, 28-day toxicology pre-clinical studies, 3-month toxicology pre-clinical studies, and a Phase 1a single ascending dose (**SAD**) study in healthy human volunteers. The drug is well tolerated in humans with no serious adverse events, has potent effects on pharmacodynamics biomarkers consistent with substantial inhibition of 11β-HSD1 for at least 24 hours after single doses, and displays exposure in line with twice daily oral dosing. Pre-clinical studies in disease models indicate both symptomatic (cognitive testing) and disease-modifying (plaque burden reduction) efficacy in dementia.

UE2343 has potential advantages as a drug for Alzheimer's disease, including: high penetration into brain; low toxicity at therapeutic doses; potential for disease modification (reduction in amyloid plaque burden in pre-clinical studies); symptomatic effects that are independent of any disease-modifying effect; as well as an added potential for metabolic and cardiovascular risk factor reduction.

The next steps for clinical development of UE2343 can begin immediately, and include:

1. undertaking a multiple ascending dose (**MAD**) Phase 1b study in healthy humans (for which Medicines and Healthcare products Regulatory Agency (**MHRA**) approval has been obtained);
2. completing a second 3-month toxicology pre-clinical study;
3. consolidating the pre-clinical data package to establish the mechanism of disease modification to compare with competitor compounds; and
4. progressing to a phase 2a proof-of-concept study in patients with mild cognitive impairment.

UE2343 Potential Target Product Profile

Current therapies (cholinesterase inhibitors and NMDA antagonists) for dementia are poorly efficacious, non-disease modifying, and toxic within the therapeutic dose range. 11β-HSD1 inhibitors have the following advantages over other drug classes:

1. Low toxicity at therapeutic doses. Other selective 11β -HSD1 inhibitors have progressed to phase 1 and 2 clinical trials for type 2 diabetes with the only target related toxicity being modest elevation of the adrenal androgen levels, as predicted from enhanced metabolic clearance rate for cortisol.
2. Potential for disease modification in Alzheimer's disease. The striking reduction in amyloid plaque burden in Tg2576 mice following administration of UE2343-like compounds represents a substantial potential benefit over existing therapies, justifying the focus on this issue in preclinical studies. Importantly, however, unlike well-publicised recent failures of therapies targeted exclusively at amyloid plaque reduction, 11β-HSD1 inhibitors have symptomatic effects which are independent of any disease-modifying effect, justifying progression to the trial of symptomatic efficacy in the current proposal.
3. Added value for metabolic and cardiovascular risk factors. Selective 11β-HSD1 inhibitors in phase 2 studies have reduced plasma glucose, blood pressure, and body weight and improved lipid profile. These systemic risk factors also influence progression of dementia.

A strong team is already engaged in the programme, combining industry expertise in all key domains with internationally leading academics, and appropriate in-house and external resources have been identified and costed. UE2343 is covered by IP filed between 2008 and 2010, some of which is granted in the US.

Schedule 2 – Risk Factors

1. Introduction

There are a number of risks associated with the Acquisition that may have an impact on the financial returns received by Shareholders. These risks are important for Shareholders to understand.

Shareholders are already exposed to a number of risks through their existing shareholding in the Company. A number of these risks are inherent in investing in securities generally and also inherent in any biotechnology company such as that of the Company and Corticrine.

The risk factors facing Corticrine, and consequently the Company, include, but are not limited to, those detailed below. The below list of risk factors ought not to be taken as exhaustive of the risks faced by the Corticrine, and consequently, the Company. Additional risks not presently known to the Company, or if known, not considered material, may also have an adverse impact.

The Directors believe that the advantages of the Acquisition outweigh the associated extent of the risks particularly as the Company has activities other than the activities of Corticrine.

2. Specific Risks

(a) Development and Commercialisation of Intellectual Property

The Company is relying on its ability to develop and commercialise intellectual property. A failure to successfully develop and commercialise intellectual property could lead to a loss of opportunities and adversely impact on the Company's operating results and financial position.

(b) Risks associated with the License Agreement

The Company, through Corticrine relies on continuation of the License Agreement. This agreement includes certain obligations on Corticrine, including obligations on Corticrine to use commercially reasonable efforts to develop products and there is no guarantee that such obligations will be met. The License Agreement contains termination rights for material breaches of the agreement and there is no guarantee that the License Agreement might not be terminated by the University of Edinburgh.

(c) Intellectual Property Rights

Securing rights to intellectual property, and in particular patents, is an integral part of securing potential product value in the outcomes of pharmaceutical research and development. Competition in retaining and sustaining protection of intellectual property and the complex nature of intellectual property can lead to expensive and lengthy patent disputes for which there can be no guaranteed outcome.

The granting of a patent does not guarantee that the rights of others are not infringed or that competitors will not develop competing intellectual property that circumvents such patents. The Company's success depends, in part, on its ability to obtain patents, maintain trade secret protection and operate without infringing the proprietary rights of third parties. Because the patent position of pharmaceutical companies can be highly uncertain and frequently involve complex legal and scientific evaluation, neither the breadth of claims allowed in pharmaceutical patents nor their enforceability can be predicted. There can be no assurance that any patents the Company may own or control or license now and in the future will afford the Company commercially significant protection of the intellectual property, or that any of the projects that may arise from the intellectual property will have commercial applications.

Further, there is always a risk of third parties claiming involvement in technological and medical discoveries, and if any disputes arise, they could adversely affect the Company.

Although the Company will implement all reasonable endeavours to protect its intellectual property, there can be no assurance that these measures will be sufficient.

(d) Corporate Structure

Through the proposed Acquisition, the Company bears the legal, commercial and other risks that ordinarily accompany a share acquisition transaction. Although the Acquisition Agreements are drafted to minimize those risks, they cannot be eliminated entirely and the Company also bears the risk of parties to the Acquisition Agreements breaching the terms or other adverse consequences arising from the Acquisition.

(e) Third Party Risks

If products developed from Corticrine's intellectual property are viable, which has not been established, it will require the involvement of a number of third parties, including suppliers, distributors, contractors and customers. The Company (including Corticrine) will also rely heavily on third parties to progress the development of products developed from Corticrine's intellectual property, such as research organisations, manufacturing partners, technical and regulatory experts and others. Financial failure, default or contractual

non-compliance on the part of such third parties may have a material impact on the Company's (including Corticrine's) operations and performance. It is not possible for the Company to predict or protect itself against all such risks.

(f) Reliance on Key Personnel

The Company is dependent on its management and scientists it engages, the loss of whose services could materially and adversely affect the Company and impede the achievements of its research and development objectives.

Because of the specialised nature of the Company's business, its ability to commercialise its products and maintain its research programme will depend in part upon its ability to attract and retain suitably qualified management, scientists and research people over time.

There can be no assurance that the Company will be able to attract or retain sufficiently qualified personnel on a timely basis, retain its key scientific and management personnel, or maintain its relationship with key scientific organisations.

(g) Product Liability, Development and Uninsured Risks

The Company's (including Corticrine's) business exposes it to potential product liability risks that are inherent in the research and development, manufacturing, marketing and use of its products. It is anticipated that the Company will need to secure sufficient levels of insurance to cover various product liability risks in the course of maintaining its business.

However, there can be no assurance that adequate or necessary insurance coverage will be available at an acceptable cost or in sufficient amounts, if at all, or that product liability or other claims would not materially and adversely affect the business or financial condition of the Company.

Product development risks also affect the Corticrine intellectual property. For example, dementia treatment products may be shown to be difficult or impossible to manufacture on a large scale or may be unable to compete with products marketed by third parties.

Although the Company endeavours to work to rigorous standards there is still the potential for its products to contain defects which may result in failures. Even if the intellectual property is commercialized, which has not yet occurred, these defects or problems could result in operating problems, the loss of or delay in generating revenue, loss of market share, failure to achieve market acceptance, diversion of development resources, injury to the Company's reputation, litigation or other legal or regulatory sanctions, patient injury or loss of life, increased insurance costs and other risks. If the Company (including Corticrine) fails to meet clients' expectations, the Company's reputation could suffer and it could be liable for damages.

3. General Risks

(a) Additional Requirements for Capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in the future. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its development programmes as the case may be.

The Company is raising funds to undertake clinical trials. There is a risk that funds raised may be insufficient to undertake the trial as planned. The Company may therefore need to raise additional funds to achieve its clinical and commercial objectives.

The Company may also need to raise additional funds to obtain regulatory approvals if the clinical trials are successful and to commercialize its intellectual property if regulatory approvals are obtained. Unfavourable trial results may adversely affect the Company's ability to raise funding. The Company may also incur additional expenses in pursuing other indications for its vaccine.

Even if Corticrine's products receive regulatory approval for commercialisation, it may not achieve commercial success. Commercial revenues, if any, will be derived from the sales of a vaccine which may not become commercially available for several years, if at all.

In addition to the expenses of developing a vaccine, the Company will incur substantial additional expenses to operate as a public company, to protect its intellectual property rights and to defend against intellectual property-related claims.

Accordingly, the Company may require additional financing subsequent to the Offer to achieve its business objectives. Additional financing may not be available on acceptable terms, or at all. Further issues of securities may dilute the holdings of existing shareholders. If funding is not available, the Company may have to slow or

otherwise limit the testing and development of its vaccine, limit the number of other products it attempts to develop, delay commercialisation or reduce the scope of any sales and marketing activities.

(b) Potential Acquisitions

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies or assets. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions.

(c) Market Conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

(i) general economic outlook;

(ii) interest rates and inflation rates;

(iii) currency fluctuations;

(iv) changes in investor sentiment towards particular market sectors;

(v) the demand for, and supply of, capital; and

(vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and pharmaceutical stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(d) Research and Development

The Company can make no representation that any of its proposed research into or development of its intellectual property (including the Corticrine intellectual property) necessary to achieve commercial production will be successful, that development milestones will be achieved, or that the intellectual property will be developed into products that are commercially exploitable.

There are many risks inherent in the development of pharmaceutical products, particularly where the products are in the early stages of development. Projects can be delayed or fail to demonstrate sufficient benefit, or research may cease to be viable for a range of scientific and commercial reasons.

(e) Technical risks

The development and commercialisation of pharmaceutical products is subject to the inherent risk of failure, including the possibility that the products proposed to be developed by the Company may:

(i) be found to be unsafe or ineffective;

(ii) fail to demonstrate any material benefit or advancement in safety and/or efficacy of an existing product;

(iii) fail to receive necessary regulatory approvals;

(iv) are difficult or impossible to manufacture on the necessary scale;

(v) are uneconomical to market or otherwise not commercially exploitable;

(vi) fail to be developed prior to the successful marketing of a similar product by competitors;

(vii) compete with products marketed by third parties that are superior; and

(viii) fail to achieve the support or acceptance of physicians, patients or the medical community.

(f) Regulatory risks

The pharmaceutical regulatory regime, which includes pre-clinical studies and clinical trials of each product in order to establish its safety and efficacy, is uncertain, can take significant periods of time and require the expenditure of significant resources. Data obtained from pre- clinical and clinical activities are susceptible to varying interpretations, which could delay, limit or prevent regulatory approval or clearance. Before the Company can market and sell any products, it must demonstrate that they are safe and effective and must obtain necessary approvals from regulatory authorities for clinical trials. The Company may be subject to scrutiny in the regulatory process with the clinical trials subject to unscheduled and unannounced regulatory inspections. If inspectors determine that the trial sites do not comply with regulatory requirements, the regulators may stop trials. The Company will depend on clinical investigators and medical institutions to enrol

patients in its clinical trials and other third parties to perform data collection and analysis. As a result, it may face costs and delays outside of its control.

(g) Liability

The testing, manufacturing and marketing of human healthcare products entails an inherent risk of liability. The Company intends to obtain insurance appropriate to the scope of its operations but it may not be able to acquire product liability insurance at a reasonable cost. A product liability claim may damage the Company's reputation by raising questions about the vaccine's safety and efficacy.

(h) Competition

Competition from other organisations, along with existing and new technologies, could impact on the Company's performance.

There can be no assurance that the Company's intellectual property (including the Corticrine intellectual property) will be commercially successful or competitive with the Company's numerous current and potential future competitors, such as large, multinational organisations with worldwide distribution, academic institutions, hospitals, government agencies and other public and private research organisations. Similarly, there can be no assurance that new innovations will not render the targeted function of the intellectual property obsolete. Any failure by the Company to compete effectively will result in a deterioration of its financial performance and value.

(i) Insurance

The Company will, where possible and economically practicable, endeavor to mitigate some risks by procuring relevant insurance cover. However, such insurance cover may not always be available or economically justifiable. The policy provisions and exclusions may render a particular claim by the Company outside the scope of the insurance cover.

While the Company will undertake all reasonable due diligence in assessing the creditworthiness of its insurance providers, there will remain the risk that an insurer defaults in payment of a legitimate claim by the Company under an insurance policy.

(j) Regulatory Risk

The introduction of new legislation or amendments to existing legislation by governments, developments in existing common law, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern the Company's (including Corticrine's) operations or contractual obligations, could impact adversely on the assets, operations and, ultimately, the financial performance of the Company and its Shares. In addition, there is a commercial risk that legal action may be taken against the Company (including Corticrine) in relation to commercial matters.

(k) Forward Looking Information

Certain information in this Notice constitutes forward looking information that is subject to risks and uncertainties and a number of assumptions, which may cause actual future events to be materially different from the expectations expressed or implied in this Notice.

(l) Growth

There is a risk that the Company may be unable to manage its future growth successfully. The ability to hire and retain skilled personnel and third party personnel may also be a significant obstacle to growth.

(m) Investment Highly Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above may, in the future, materially affect the financial performance of the Company and the value of the Company's securities.

Therefore, the Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of the Shares.

Schedule 3 - Terms and Conditions of Facilitator Options

(a) **Entitlement**
The Facilitator Options entitle the holder to subscribe for one Share upon the exercise of each Facilitator Option.

(b) **Exercise price**
The exercise price of each Facilitator Option is $0.02 (**Exercise Price**).

(c) **Expiry date**
The expiry date of each Facilitator Option is 30 November 2018 (**Expiry Date**).

(d) **Exercise period**
The Facilitator Options are exercisable at any time on or prior to the Expiry Date.

(e) **Notice of exercise**
The Facilitator Options may be exercised by notice in writing to the Company (**Notice of Exercise**) and payment of the Exercise Price for each Facilitator Option being exercised. Any Notice of Exercise of a Facilitator Option received by the Company will be deemed to be a notice of the exercise of that Facilitator Option as at the date of receipt.

(f) **Shares issued on exercise**
Shares issued on exercise of the Facilitator Options will rank equally with the then issued Shares of the Company.

(g) **Facilitator Options not quoted**
The Company will not apply to ASX for quotation of the Facilitator Options.

(h) **Quotation of Shares on exercise**
Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Facilitator Options.

(i) **Timing of issue of Shares**
After a Facilitator Option is validly exercised, the Company must as soon as possible:

(i) issue the Share; and

(ii) do all such acts, matters and things to obtain:

(A) the grant of quotation for the Share on ASX no later than 5 days from the date of exercise of the Facilitator Option; and

(B) receipt of cleared funds equal to the sum payable on the exercise of the Facilitator Option.

(j) **Participation in new issues**
There are no participation rights or entitlements inherent in the Facilitator Options and the holder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Facilitator Options.

However, the Company will give the holders of Facilitator Options notice of the proposed issue prior to the date for determining entitlements to participate in any such issue.

(k) **Adjustment for bonus issues of Shares**
If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

(i) the number of Shares which must be issued on the exercise of a Facilitator Option will be increased by the number of Shares which the option holder would have received if the option holder had exercised the Facilitator Option before the record date for the bonus issue; and

(ii) no change will be made to the Exercise Price.

(l) **Adjustment for rights issue**
If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment of the Exercise Price of a Facilitator Option.

(m) **Adjustments for reorganisation**
If there is any reconstruction of the issued share capital of the Company, the rights of the option holder may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

(n) **Facilitator Options transferable**
The Facilitator Options are transferable.

(o) **Lodgement instructions**
Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the Facilitator Options with the appropriate remittance should be lodged at the Company's share registry.

Annexure A – Independent Expert's Report

Stantons International Securities

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1 October 2014

The Directors
Actinogen Limited
Level 2, 1 Walker Avenue
WEST PERTH WA 6000

The Independent Expert has concluded that the transaction related to the acquisition by Actinogen of the issued capital in Corticrine held by the Common Shareholders (as part of the Acquisition of Corticrine), the subject of Resolution 6 outlined in this Notice of General Meeting is not fair but reasonable to Shareholders of the Company (not associated with Common Shareholders) as at the date of this report.

Dear Sirs

Re: ACTINOGEN LIMITED (ACN 086 778 476) ("ACTINOGEN" OR "THE COMPANY") ON THE PROPOSAL TO ACQUIRE SHARES IN CORTICRINE LIMITED ("CORTICRINE") FROM THE COMMON SHAREHOLDERS (AS NOTED BELOW) AS PART OF THE ACQUISITION OF 100% OF THE SHARES IN CORTICRINE.

1. Introduction

1.1 We have been requested by the Directors of Actinogen to prepare an Independent Expert's Report to determine the fairness and reasonableness as noted in Resolution 6 (the acquisition by the Company of the issued capital in Corticrine held by the Common Shareholders (as noted below) and as referred to in the Notice of Meeting of Shareholders ("Notice") and Section 8 of the Explanatory Memorandum ("EM") attached to the Notice to be forwarded to shareholders in October 2014.

1.2 It is proposed that Actinogen will acquire 100% of the issued capital of Corticrine as announced to the market on 27 August 2014.

1.3 The proposal to acquire 100% of the shares in Corticrine is known in this report as the Acquisition. The Acquisition is subject, inter-alia for Actinogen to raise $2,000,000 by way of the issue of 100,000,000 shares at 2.0 cents each (refer below). Corticrine was incorporated in Scotland, UK as a non-listed public company on 29 May 2014. Corticrine is a pharmaceutical company focused on the development of new therapies for Alzheimer's dementia. Corticrine is a spin out from the University of Edinburgh and is located in Edinburgh, Scotland. Corticrine has licensed worldwide development and commercialisation rights from the University of Edinburgh to UE2343 which is in clinical development for Alzheimer's disease and which has previously received significant support from the Seeding Drug Discovery programme of the Wellcome Trust.

1.4 The Consideration for the Acquisition is 125,000,000 shares ("Consideration Shares") in Actinogen to the shareholders of Corticrine at the date of Completion of the Acquisition. Resolution 5 in the Notice refers.

There are two sale agreements, one with the current shareholders of Corticrine to acquire 10,000 shares in Corticrine ("Seller Shares") by way of the issue of 76,852,136 Consideration Shares to the current shareholders of Corticrine.

However, at Completion of the Acquisition, a further 6,265 shares ("Seed Shares") will be issued by Corticrine to the University of Edinburgh ("University") so that immediately prior to the Acquisition, University will own approximately 38.518% of Corticrine. University has entered into a Share Sale Agreement for University to sell the Seed Shares to Actinogen for 48,147,864 Consideration Shares in Actinogen (that may represent an approximate 10.03% ordinary shareholding interest in Actinogen).

Thus in total, 125,000,000 Consideration Shares will be issued by Actinogen to acquire 100% of the issued capital of Corticrine.

1.5 Some of the Consideration Shares are to be issued to existing shareholders or parties related to existing shareholders of Actinogen. The relevant existing shareholders are:

Tisia Nominees Pty Ltd ("Tisia"). Tisia owns 18,900,000 shares in Actinogen and a related party, TJ & DJ Henderson (Hillman Freycinet Superannuation Account) owns 1,100,000 shares in Actinogen (a combined shareholding in Actinogen that represented approximately 9.87% of the issued shares on issue in Actinogen as at 13 August 2014). Tisia will receive 14,717,184 Consideration Shares on Completion (as defined) of the Acquisition.

JK Nominees Pty Ltd ("JK"). JK owns 20,000,000 shares in Actinogen (a shareholding in Actinogen that represented approximately 9.87% of the issued shares on issue in Actinogen as at 13 August 2014). JK will receive 14,717,184 Consideration Shares on Completion of the Acquisition.

Denlin Nominees Pty Ltd ("Denlin"). Denlin owns 20,000,000 shares in Actinogen (a shareholding in Actinogen that represented approximately 9.87% of the issued shares on issue in Actinogen as at 13 August 2014). Oaktone Nominees Pty Ltd, a company related to Denlin will receive 14,717,184 Consideration Shares on Completion of the Acquisition.

1.6 The above parties are known in this report as the Common Shareholders. Individually, each Common Shareholder (and related entity) will own 34,717,184 shares (approximately 7.23%) in Actinogen on Completion of the Acquisition.

In total, the Common Shareholders will be issued 44,151,552 Consideration Shares (ordinary shares) in Actinogen. The proposed acquisition by the Company of the shares in Corticrine held by the Common Shareholders forms part of Resolution 6, the subject of this report.

None of the Common Shareholders individually is a substantial holder who has, or in the last six months had, an interest in at least 10% of the issued capital of the Company for the purposes of ASX Listing Rule 10.1 and none of the Common Shareholders are associates. Accordingly, Shareholder approval under Listing Rule 10.1 is not required for the acquisition of shares in Corticrine from the Common Shareholder.

However, given that these parties in aggregate hold more than 10% of the issued capital of the Company and the Consideration Shares that they will receive in aggregate as consideration for the Acquisition (being 44,151,552 Consideration Shares in aggregate) will exceed 5% of the equity interests of the Company, the Company has determined for good corporate governance to seek Shareholder approval pursuant to Listing Rule 10.1 for the portion of the Acquisition which is being acquired by the Company from the Common Shareholders.

As part of the Listing Rule 10.1, the Company has requested Stantons International Securities Pty Ltd to prepare this independent expert's report and report whether the proposal under Resolution 6 (to acquire the issued capital in Corticrine held by the Common Shareholders) is fair and reasonable to the Actinogen shareholders not associated with the Common Shareholders.

1.7 Associated with the Acquisition will be a capital raising to raise a minimum of $2,000,000 ("Capital Placement") at 2.0 cents per share ("Placement Shares"). These funds must be raised before Completion of the Acquisition. On 2 September 2014, 50,000,000 of the Placement Shares were issued at 2.0 cents each to raise a gross $1,000,000 ("the Tranche 1 Placement Shares"). Resolution 7 in the Notice seeks ratification of the issue of the Tranche 1 Placement Shares. The remaining 50,000,000 Placement Shares ("the Tranche 2 Placement Shares") will be issued following shareholder approval to issue such shares. Resolution 8 in the Notice refers to such proposal.

1.8 In addition, the Directors of Actinogen (existing and incoming) are planning to subscribe for up to 19,500,000 shares at 2 cents each ("Director Placement Shares") so the Company can raise an additional $390,000. We have assumed in this report that such Director Placement Shares will be issued and the funds raised prior to Completion of the Acquisition. Resolutions 9 and 10 relate to the issue of a total of 4,500,000 Director Placement Shares (to raise a gross $90,000) to existing Directors of Actinogen and a further 15,000,000 Director Placement Shares at 2 cents each to raise a gross $300,000 will be issued to two incoming Directors of Actinogen (Resolutions 11 and 12 and Section 12 of the EM refers).

1.9 The conditions precedent to the Acquisition includes, inter-alia:

- Completion of a Capital Placement by Actinogen of at least $2,000,000 (see paragraph 1.7 above);
- Actinogen shareholder and other regulatory approval and all necessary third parties approvals, consents or waivers are obtained;
- no material breach of the Acquisition agreements or certain warranties given in the Acquisition agreements having occurred; and
- no breach of the Licence Agreement between Corticrine and the University of Edinburgh having occurred.

1.10 The Company proposes to set up an Employee Share Plan ("Plan"). Resolution 16 in the Notice refers to the Plan. The major terms of the Plan are noted below:

Key terms of the Plan are detailed below:

Invitation to participate

It is proposed that from time to time, and in its absolute discretion, the Board will invite employees of the Company (including the directors) to subscribe for shares under the Plan (**Loan Shares**) and, if the Board considers appropriate, to receive a limited recourse loan for all or part of the subscription price for those Loan Shares.

Loan terms

The key terms of each limited recourse loan provided under the Plan are as follows:

(a) the loan may only be applied towards the subscription price for the Loan Shares;

(b) the loan will be interest free, provided that if the loan is not repaid by the

repayment date set by the Board, the loan will incur interest at 9% per annum after that date (which will accrue on a daily basis and compound annually on the then outstanding loan balance);

(c) by signing and returning a limited recourse loan application, the participants of the Plan (each a Participant) acknowledges and agrees that the Loan Shares will not be transferred, encumbered, otherwise disposed of, or have a security interest granted over it, by or on behalf of the Participant until the loan is repaid in full to the Company;

(d) the Company has security over the Loan Shares as security for repayment of the loan;

(e) the loan becomes repayable on the earliest of:

- five years from the date on which the loan is advanced to the Participant;
- one month after the Participant resigns or ceases to be employed by the Company other than (i) where the Participant is removed from office by shareholders of the Company, or (ii) where the Company does not renew the Participant's executive employment agreement or (iii) where the Company dismisses the Participant other than for cause; and
- (by the legal personal representative of the Participant) six months after the Participant ceases to be an employee of the Company due to their death;

("Repayment Date"),

(f) Notwithstanding paragraph (e) above, the Participant may repay all or part of the loan at any time before the Repayment Date; and

(g) the loan will be limited recourse such that on the Repayment Date the repayment obligation under the limited recourse loan will be limited to the lesser of (i) the outstanding balance of the limited recourse loan and (ii) the market value of the Loan Shares on that date. In addition, where the Participant has elected for the Loan Shares to be provided to the Company in full satisfaction of the loan, the Company must accept the Loan Shares as full settlement of the repayment obligation under the limited recourse loan.

Rights attaching to Loan Shares

The Loan Shares will rank equally with all other fully paid ordinary shares on issue in the capital of the Company. Holders of Loan Shares issued under the Plan will be entitled to exercise all voting rights attaching to the Shares in accordance with the Company's constitution. In addition, holders of Loan Shares issued under the Plan will be entitled to participate in dividends declared and paid by the Company in accordance with the Company's constitution.

Vesting Conditions

Under the Plan, the Directors may issue the Loan Shares subject to vesting conditions (including performance milestones and time based retention hurdles), such that the holder of the Loan Shares is only entitled to the benefit of the Loan Shares once the vesting conditions are met. If the vesting conditions are not met, the holder will lose their entitlement to the Loan Shares and the Company may buy-back or arrange for the sale of those Loan Shares. This enables the Board to attract, incentivise and retain key personnel and to align the interests of those personnel and Shareholders through equity participation.

Sale of Loan Shares

The Loan Shares may only be sold by a Participant where the Participant has been granted a limited recourse loan and the loan has been repaid in full (otherwise any dealing by the Participant in the Loan Shares is prohibited without the prior written consent of the Company).

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

Further details on the Plan are outlined in the EM attached to the Notice.

It is noted that the Loan Shares are ordinary shares for the purposes of the Corporations Act 2001 but have been differentiated in this report and described as Loan Shares, due to the vesting conditions that are attached to such shares (as noted below).

1.11 In addition, the Company proposes to issue the following securities (these include the Loan Shares which are subject to vesting conditions):

- 5,500,000 share options ("Facilitator Options") to a party who assisted in the facilitation of the proposed Acquisition. The Facilitator Options will be exercisable at 2.0 cents each, on or before 30 November 2018 (Resolution 15 refers);

- 6,000,000 Loan Shares to Dr Jason Loveridge (proposed Non Executive Director of Actinogen following Completion of the Acquisition). These shares will vest in two classes (Resolution 11 refers).

    - 3,000,000 Class A Loan Shares will vest on successful completion of the phase 1 multiple ascending dose (MAD) study; and
    - 3,000,000 Class B Loan Shares will vest on funding of the phase 2a proof of concept study.

If the vesting conditions are not met, the Dr Loveridge will lose his entitlement to the Loan Shares and the Company may buy-back or arrange for the sale of those Loan Shares.

- 25,000,000 Loan Shares to Martin Rogers (proposed Non Executive Chairman of Actinogen following Completion of the Acquisition). Resolution 18 refers. These shares will vest in four classes.

    - 7,500,000 Class C Loan Shares will vest if the shares in Actinogen trades above 4.0 cents for 10 consecutive trading days;
    - 7,500,000 Class D Loan Shares will vest if the shares in Actinogen trades above 6.0 cents for 10 consecutive trading days;
    - 5,000,000 Class E Loan Shares will vest on recruitment of the phase 1 multiple ascending dose (MAD) study; and
    - 5,000,000 Class F Loan Shares will vest on recruitment of the phase 2a proof of concept study.

If the vesting conditions are not met, the Mr Rogers will lose his entitlement to the Loan Shares and the Company may buy-back or arrange for the sale of those Loan Shares.

- 2,000,000 Loan Shares to Mr Vincent Ruffles (Vice President of Clinical Research for the Company). Resolution 19 refers. These shares will vest three years from the commencement of employment with the Company. If Mr Ruffles ceases to be an employee of the Company prior to the Loan Shares vesting, then he will not be entitled to the Loan Shares.

  In both the case of Dr Jason Loveridge, Martin Rogers and Mr Vincent Ruffles, the Loan Shares are being issued at 2 cents each on a non recourse basis. Details on the Loan Shares to be issued to all three parties are more fully outlined in Sections 17 to 19 of the EM and Resolutions 17, 18 and 19 refer to the issue of a total of 33,000,000 Loan Shares.

1.12 Post issue of all Placement Shares, Director Placement Shares, Consideration Shares and Loan Shares as noted above (assuming the minimum Capital Placement of $2,000,000 is achieved along with the $390,000 from the Director Placements), there will be 480,132,338 ordinary shares on issue (of which 33,000,000 Shares are Loan Shares. The Common Shareholders will each own 14,717,184 of such shares that would represent approximately 7.23% of the ordinary shares on issue.

1.13 The Company has agreed to provide an interest free loan of up to $50,000 to Corticrine to use for expenses in connection with the Licence Agreement with the University. The amount then owing by Corticrine to Actinogen will not be repayable in the event that the Acquisition is not consummated.

1.14 There are 19 resolutions being put to the shareholders. Resolution 1 relates to the adoption of the Remuneration Report, Resolution 2 relates to the approval of a 10% Placement Facility, Resolution 3 relates to the re-election of Dr Anton Uvarov as a director of the Company, Resolution 4 relates to the re-election of Brendan de Kauwe as a director of the Company, Resolution 5 relates to the issue of 125,000,000 Consideration Shares to the Vendors of Corticrine to acquire 100% of the shares in Corticrine, Resolution 6 relates to the acquisition of shares in Corticrine from the Common Shareholders, Resolution 7 relates to the ratification of 50,000,000 Tranche 1 Placement Shares at 2 cents each that raised $1,000,000 (as part of the 100,000,000 Placement Shares), Resolution 8 relates to the issue of 50,000,000 Tranche 2 Placement Shares at 2 cents each to raise a further $1,000,000, Resolution 9 relates to the issue of 2,500,000 Director Placement Shares to Dr Brendan de Kauwe at 2 cents each to raise a gross $50,000, Resolution 10 relates to the issue of 2,000,000 Director Placement Shares to Dr Anton Uvarov at 2 cents each to raise a gross $40,000, Resolution 11 relates to the issue of 5,000,000 Director Placement Shares to Dr Jason Loveridge at 2 cents each to raise a gross $100,000, Resolution 12 relates to the issue of 10,000,000 Director Placement Shares to Martin Rogers at 2 cents each to raise a gross $200,000, Resolution 13 relates to the election of Dr Jason Loveridge as a Director of Actinogen following completion of the Acquisition, Resolution 14 relates to the election of Martin Rogers as a Director of Actinogen following completion of the Acquisition, Resolution 15 relates to the authority to grant a total of 5,500,000 Facilitator Options; Resolution 16 relates to the adoption of the Employee Share Plan, Resolution 17 relates to the issue of 6,000,000 Loan Shares to Dr Jason Loveridge, Resolution 18 relates to the issue of 25,000,000 Loan Shares to Martin Rogers and Resolution 19 relates to the approval to issue 2,000,000 Loan Shares to Mr Vincent Ruffles.

We are not reporting on the merits or otherwise of Resolutions 1 to 5 and 7 to 19 but note that for us to report on the proposal as noted in Resolution 6 we in effect are required to opine on the fairness and reasonableness of the proposal to acquire Corticrine (as noted in Resolution 5).

1.15 Apart from this introduction, this report considers the following:

- Summary of opinion
- Implications of the proposals
- Corporate history and nature of business of Actinogen and Corticrine
- Future direction of Actinogen
- Basis of valuation of Actinogen shares
- Value of consideration
- Basis of valuation of Corticrine
- Fairness of the Acquisition
- Conclusion as to fairness
- Reasonableness of the offer
- Conclusion as to reasonableness
- Sources of information
- Appendix A and our Financial Services Guide

1.16 In determining the fairness and reasonableness of the acquisition of 100% of the shares of Corticrine, we have had regard for the definitions set out by the Australian Securities and Investments Commission ("ASIC") in its Regulatory Guide 111, "Content of Expert Reports". Regulatory Guide 111 states that an opinion as to whether an offer is fair and/or reasonable shall entail a comparison between the offer price and the value that may be attributed to the securities under offer (fairness) and an examination to determine whether there is justification for the offer price on objective grounds after reference to that value (reasonableness). The concept of "fairness" is taken to be the value of the offer price, or the consideration, being equal to or greater than the value of the securities in the above mentioned offer. Furthermore, this comparison should be made assuming 100% ownership of the "target" and irrespective of whether the consideration is scrip or cash. An offer is "reasonable" if it is fair.

An offer may also be reasonable, if despite not being "fair", there are sufficient grounds for security holders to accept the offer in the absence of any higher bid before the close of the offer. Although in this case the proposed acquisition of Corticrine is not a takeover offer, we have considered the general principals noted above to determine our opinions on fairness and reasonableness.

1.17 **In our opinion, the proposals as outlined in paragraph 1.1 and Resolution 6 may, on balance, taking into account the factors referred to in 11 below and elsewhere in this report, be considered to be <u>not fair but reasonable</u> to the shareholders of Actinogen (not associated with Common Shareholders) as at the date of this report.**

1.18 The opinions expressed above must be read in conjunction with the more detailed analysis and comments made in this report.

2. Implications of the Proposals

2.1 Following the issue of 50,000,000 of the Tranche 1 Placement Shares on 2 September 2014, as at 25 September 2014, there were 252,632,338 ordinary fully paid shares on issue in Actinogen.

The top 20 shareholders list as at 9 September 2014 discloses the following:

Shareholder	No. of fully paid shares	% of issued fully paid shares
Tisia Nominees (with other related parties)	20,000,000	7.92
JK Nominees Pty Ltd	20,000,000	7.92
Denlin Nominees Pty Ltd	20,000,000	7.92
Jason Peterson and Lisa Peterson	11,250,000	4.45
	71,250,000	28.21

2.2 The top 20 shareholders as per the top 20 shareholders list at 9 September 2014 owned approximately 63.74% (163,548,785 shares) of the ordinary issued capital of the Company.

2.3 The movement in the issued capital of the Company may be:

	Number
Shares on issue at 31 August 2014	202,632,338
Issue of Tranche 1 Placement Shares	50,000,000
Ordinary shares on issue as at 25 September 2014	252,632,338
Issue of Tranche 2 Placement Shares	50,000,000
Issue of Director Placement Shares	19,500,000
Consideration Shares	125,000,000
Issue of Loan Shares (ordinary shares)	33,000,000
Ordinary shares on Issue post Acquisition	**480,132,338**
Potential issue of further shares	
Exercise of existing share options and Facilitator Options at 2.0 cents each (on or before 30 November 2018	54,000,000
Potential shares on issue	**534,132,338**

The 33,000,000 Loan Shares (that are ordinary shares with vesting conditions attached) are planned to be issued soon after the shareholders approve the Acquisition and all Resolutions in the Notice. However, the Loan Shares are akin to a share options and for accounting purposes such Loan Shares will be valued as if a share options and the amounts owing by the Participants ($660,000 in total) will not be disclosed in the financials as receivables. The Loan Shares are legally classed as ordinary shares, notwithstanding that vesting conditions are attached to such Loan Shares and the Company may buy back or arrange for the sale of the Loan Shares if vesting conditions are not met.

It is assumed that the existing 9,103,177 listed share options exercisable at 40 cents each, on or before 30 September 2015 will not be exercised.

2.4 The current Board of Directors is expected to change in the near future as a result of the Acquisition. The Board is currently Brendan De Kauwe, Daniel Parasiliti and Dr Anton Uvarov. The Company Secretary is Peter Webse. Messrs Jason Loveridge and Martin Rogers will become new directors of Actinogen from Completion of the Acquisition. The existing Director, Daniel Parasiliti will resign following completion of the Acquisition.

In addition, Professors Alan Boyd and Brian Walker will be appointed Clinical Development Advisers to Actinogen (and Cortricine) following Completion of the Acquisition.

2.5 Corticrine will become a legally wholly owned subsidiary of Actinogen and will be funded from the cash resources of Actinogen (a Loan of $50,000 has been or will be made by way of Actinogen paying certain costs on behalf of Corticrine).

2.6 In the event that the Consideration Shares are issued to the Corticrine shareholders, the Corticrine shareholders collectively would own approximately 38.53% of the expanded issued ordinary capital of Actinogen (including the Loan Shares) and approximately 41.37% excluding the Loan Shares. The Common Shareholders would each own approximately 7.23% (6.93% excluding the Loan Shares). The University would own approximately 10.03% (10.77% excluding the Loan Shares).

2.7 In the event that the vesting conditions are met in relation to the Loan Shares and the existing and Facilitator Options are exercised at 2.0 cents each, the percentage interest of each of the Common Shareholders in the absence of any other share issues would approximate 6.93%.

3. Corporate History and Nature of Businesses

Actinogen

3.1 Principal Activities and Significant Assets

Actinogen is an ASX listed biotech company having achieved an ASX listing in October 2007. The following is an extract from the 2014 Annual Report of Actinogen.

"Actinogen's aim is to identify and isolate soil microorganisms, known as actinomycetes, which are capable of producing bioactive compounds (or exhibiting properties in their own right) of commercial value. Actinogen seeks to achieve this aim by sampling Western Australian soils and testing actinomycetes isolates identified in those soils. The Company has one of the largest libraries of isolates in Australia and specialises in finding unique properties of these actinomycetes. The microorganisms are metabolically diverse and produce bioactive molecules such as bacterial antibiotics, anti-viral agents, anti-tumour agents, antifungal agents and immunosuppressive agents that are used for humans, animals and in agriculture.

Projects

Cancer Stem Cell Stem Project

Since the successful raising of working capital and relocation of the laboratory, the Company has identified internal projects that have a better fit with our corporate strategy and will represent the best use of our internal resources. Among these projects is developing therapies targeted at cancer stem cells (CSCs).

One of Actinogen's lead therapeutic programs is focused on discovering and developing drugs to treat brain cancer and potentially other oncological diseases by the targeted killing of cancer stem cells (CSCs). In February 2014 the Company announced it had entered into a research agreement with Curtin University to conduct further studies on the Company's CSC Project.

Cancer stem cells (CSCs) are defined as those cells within a tumour that can self-renew and drive tumorigenesis. Such cells are proposed to persist in tumours as a distinct population and cause relapse and metastasis by giving rise to new tumours. Recent research in brain tumors has identified a CD133+ cell population as a cancer stem cell population.

Cancer stem cells have been reported in many human tumours and are classified as a highly tumorigenic subpopulation that drives tumour formation, proliferation and metastasis. CSCs share a variety of biological properties with normal stem cells such as capacity for self-renewal and propagation of differentiated progeny. However, CSCs differ from normal stem cells in their inherent resistance mechanisms against radiation- and chemotherapy-

induced cancer cell death, enabling them to survive and initiate tumour recurrence. Despite their potential clinical importance, the regulation of CSCs at the molecular level is not well-understood and no drugs specifically targeting CSCs been developed to date. However, recent research in brain tumours has identified a CD133+ cell population as a cancer stem cell population, giving the way to some targeted therapeutic approaches.

In its previous experiments Actinogen have tested a total of 11 actinomycetes' supernatants against U87MG and U125MG neurospheres (free floating clusters rich in stem cells). The results have demonstrated that two isolates killed the whole cell population (ACN 5059 and ACN 5086). Cells which had died due to supernatant treatment had a high percentage of CD133+ cells, and thus actinomycete isolates ACN 5059 and ACN 5086 can be assumed to target CD133+ cells.

Currently, Actinogen and Curtin University are investigating the effects of actinomycete isolates on cell viability in four different GBM (glioblastomamultiforme, a type of brain tumour) cell lines (U138, U87, A172 and LN18) using additional new techniques and assays. To confirm the activity is specific against cancer stem cells, the cells are grown in conditions that provide for the development of sphere formation. Identification of CSCs within these cultures is based upon the presence of the cell surface markers CD133 and CD44. The isolates are then tested on their ability to induce cell death in cultures enriched with CD133 and CD44 positive cells.
First study was conducted in the laboratory of Professor Arun Dharmarajan using methodologies established by his research group. The results demonstrated substantial reduction of proliferation in CSC populations in GBM cell lines (A172, U138, U87, U373). In addition, CSC sphere disruption, cell anchorage, and cell death were observed with different isolates for the CSCs across all four cell lines. This data is consistent with our previous internal results and supports the strong anti-cancer activity of some of the actinomycetes isolates.

Antibiotic Research Project

The Company continues its focus on drug development via its Antibiotic Research Project; with its scientific team currently conducting trials at its new laboratory premises at Murdoch University's State Agricultural Biotechnology Centre (SABC), Western Australia.

Antibiotic-resistant bacteria are becoming an increasing global problem, with much research and investment directed to discovering new effective agents and treatment modalities. Infections caused by resistant microorganisms often fail to respond to the standard treatment, resulting in prolonged illness and greater risk of death. The death rate for patients with serious infections treated in hospitals is about twice that in patients with infections caused by non-resistant bacteria. A high percentage of hospital-acquired infections are caused by highly resistant bacteria such as methicillin-resistant Staphylococcus aureus (MRSA), vancomycin resistant enterococci (VRE) and Clostridium difficile.

The Company has identified the importance of continuing the research in this field due to the global demand for new potential agents and on the back of positive initial results conducted on numerous strains of bacteria, in particular MRSA and VRE.

Actinogen owns a private existing database of over 6000 actinomycetes. Previously, the library has been screened to identify actinomycetes able to produce compounds with antimicrobial activity against resistant strains. The actinomycetes are then tested for activity against the MRSA panel, VRE, Candida spp., Pseudomonas aeruginosa and the anaerobic pathogen Clostridium difficile. These testing panels consist of clinical isolates of microorganisms that have developed serious antibiotic resistance patterns and can therefore be used to increase the likelihood of finding new antibiotics.

Actinogen employs a series of screening tests which become more stringent. Primary screening is a rapid test to detect the production on solid agar of an isolate producing an antibiotic directed to one or more of the test organisms outlined above. Secondary screening is then carried out on known antibiotic producing isolates, in liquid culture. Once actinomycetes with antimicrobial activity against the clinical test isolates have been identified, Actinogen then tries to identify the active compound from public literature and databases. If the compound cannot be matched to an existing substance, it is sent to an independent laboratory to obtain a molecular structure.

In the Actinogen library, 69 isolates have shown activity against the entire MSRA panel, 11 isolates have shown activity against the entire Candida spp. panel and 58 isolates have shown activity against VRE. Each compound with activity against the MRSA panel and Clostridium difficile has the potential to become a new antibiotic; however extensive further testing is required in order for this to be established.

The research team has currently inoculated the previously identified isolates and will retest these for activity against MRSA, Candida spp. and C. difficile. Of particular interest are the antimicrobial actinomycete isolates that produce unidentifiable active compounds. Future work will include isolating and testing the active compound using HPLC and fraction collection. If the isolation of the active compound is successful, it may be sent to an independent laboratory for further characterisation.

The Bioethanol Project - Collaborative and Royalty Agreement with Leaf Energy Ltd (ASX: LER)

On 23 December 2013, the Company announced that it had signed a Collaborative and Royalty Agreement with ASX-listed Company Leaf Energy Ltd ("LER"), where LER will fund the further studies in the Company's Bioethanol Project; in which the Company previously identified strains of actinomycetes capable of producing cellulase(s). Cellulase(s) are enzymes used to breakdown cellulose from plant material, papers and industrial waste glycerols (Biomass), and are an important step in the production of second generation bioethanols.

The traditional method of producing cellulases is very costly and requires significant capital for infrastructure, requiring an anaerobic and high temperature and pressure environment. Actinogen can produce cellulases in an aerobic environment at low temperature and pressure and at significantly lower costs

Actinogen's enzyme production method is complimentary to LER's Glycerol Pre-treatment Process which uses cheap, recyclable glycerol at low temperature and pressure, in a simple and highly effective process. The trials are currently being conducted at Actinogen's new laboratory facility at Murdoch University's SABC, by the Company's scientific team, and in collaboration with LER's scientific advisors.

On completion of LER's fully funded initial trial, LER will have the option to contribute further funding towards additional trials to explore the potential synergy of other actinomycetes in the Company's library. The Company will grant LER the rights to exclusive uses of any of the methods of production solely developed as part of the collaborative process in return for a net profit royalty on LER's future licensing arrangements.

The potential market opportunity is very large, with LER's Glycerol Pre-treatment process requiring a fraction of the costs and infrastructure to current worldwide methods and processing facilities. Having a highly scalable business model with licensing into multiple territories, and providing an option for excellent environmental credentials with large carbon savings should appeal to future investors and partners of that technology.

Shikimic Acid Project

In July 2012, Actinogen discovered that it could produce Shikimic acid from certain actinomycetes. This Shikimic acid has been produced on a molecular level only and not yet on a scale sufficient to commercialise the project. Shikimic acid is the main (and one of the most expensive) components used to produce the influenza medication, Tamiflu. Actinogen's method for the production of Shikimic aid is different from and potentially cheaper than, the current processes of producing Shikimic acid currently be utilised by the primary manufacturers such as Roche. The Company is currently exploring new collaborative opportunities in this area.

Salt Tolerance Project

Actinogen has been approached by third parties expressing interest in the Company's salt tolerant actinomycetes project. Actinogen has been screening actinomycetes from its existing database and testing them to see if they have any ability to survive in salty environments. The aim of this research is to develop a product that will help farmers and other plant producers grow plants and crops in salt affected environments, which is a growing problem worldwide and in particular within Australia. Recent screening shows encouraging results identifying four isolates that can tolerate 10% saline, have the potential to survive in high salt environments and continue to lead to the production of humus to aid in the re-establishment of salt tolerant plants and the rehabilitation of salt affected soils."

End of Edited Extract

The main book asset of the Actinogen Group as at 30 June 2014 was cash funds of $1,127,676. All research costs are expensed as occurred.

Corticrine

3.2 Corticrine was incorporated in Scotland, UK as a non-listed public company on 29 May 2014. Corticrine is a pharmaceutical company focused on the development of new therapies for Alzheimer's dementia. Corticrine is a spin out from the University of Edinburgh and is located in Edinburgh, Scotland. Corticrine has licensed worldwide development and commercialisation rights from the University of Edinburgh to UE2343 which is in clinical development for Alzheimer's disease and which has previously received significant support from the Seeding Drug Discovery programme of the Wellcome Trust.

The below mentioned information is part of a mini business plan document provided to us and Actinogen. It is noted that the business plan is a working document and as such, the business plan is subject to ongoing examination and revision by Corticrine.

Beginning of quote

"1. Corticrine – a novel commercialisation strategy (may alter based on results)

Corticrine is a new drug development company focused on exploiting a novel target and lead series of drug candidates for the treatment of Alzheimers dementia. The company's lead compound UE2343 has completed preclinical and early clinical development & now requires an additional GBP5m in funding in order to establish proof of concept for its lead compound. It is proposed to spin out the UE2343 assets into a newly established UK company Corticrine Limited in order to develop these assets further. The risk capital will be provided through a novel mechanism whereby Corticrine would be reverse merged with an ASX listed "shell" company with access to an initial cash pool of AU$3m for investment into the development of the UE2343 assets. Corticrine would therefore become a 100% owner subsidiary of Corticrine Aust. – an ASX listed company. Corticrine Aust. would

then have the capacity to raise additional capital as required for the commercialisation of the UE2343 assets.

Intellectual property in the form of six new chemical entity patent applications and two patent applications allowed and proceeding to grant in the USA would be licensed to Corticrine from the University of Edinburgh.

2. Current state of development

Following an extensive drug discovery programme at the University Edinburgh's BHF Centre for Cardiovascular Science, a lead candidate UE2343 has been selected for further development for the treatment of Alzheimer's dementia. A route of synthesis has been developed providing acceptable cost of goods and an ample GMP batch has been manufactured for which formulation for administration in early clinical studies has been optimised. UE2343 has completed safety pharmacology, 28-day toxicology studies in rats and dogs, 3-month toxicology studies in dogs, and a Phase I single ascending dose (SAD) study in healthy human volunteers. The drug is well tolerated in humans with no serious adverse events noted, has potent effects on pharmacodynamics biomarkers consistent with substantial target enzyme inhibition for at least 24 hours after single doses, and displays oral exposure in line with twice daily dosing. Preclinical studies in disease models with UE tool compounds confirm both symptomatic (cognitive testing) and disease-modifying (plaque burden reduction) efficacy in dementia. A detailed summary of the current state of the program can be found in the Appendix 1.

The next steps for clinical development of UE2343 may include: undertaking a multiple ascending dose (MAD) phase I study in healthy humans, for which MHRA approval has been obtained; progressing to a phase Ib pharmacodynamic study in healthy humans to confirm adequate target enzyme inhibition in CNS; completing enabling 3-month toxicology studies in a second species (rat); consolidating the preclinical data package to establish the mechanism of disease modification and to compare with competitor compounds; and progressing to a phase IIa proof-of-concept study in patients with mild cognitive impairment.

3. Background biology

During adaptation to stress, glucocorticoids are vital modulators of cardio-metabolic and inflammatory responses and suppress hippocampus-dependent memory. In chronic glucocorticoid excess (Cushing's syndrome) these effects become maladaptive, causing obesity, hyperglycaemia and hypertension, and also hippocampal atrophy, cognitive impairment and accelerated dementia. Since these features are reversible upon removal of glucocorticoid excess, therapies which target glucocorticoid action might be useful in metabolic syndrome and cognitive dysfunction. Although targeting circulating glucocorticoid levels carries the risk of an inadequate response to stress, the discoveries in Edinburgh that the intracellular enzyme 11β-HSD1 amplifies glucocorticoid action in target tissues (including adipose and hippocampus), and that this amplification is up-regulated in human obesity and age-associated memory impairment, led to the hypothesis that inhibition of 11β-HSD1 could safely reduce glucocorticoid action.

Serial awards from Wellcome Trust have supported the original discovery of 11β-HSD1 and its biological roles, validation of 11β-HSD1 as a therapeutic target in rodents and humans, initiation of a drug discovery and development, lead optimisation and development through phase I clinical trials.

Following original proof of concept in rodents and humans (using a prototype 11β- HSD inhibitor, carbenoxolone), 11β-HSD1 inhibition has been validated extensively by the pharmaceutical industry for type 2 diabetes, with efficacy documented in Phase II clinical

trials. The Edinburgh group has focused on the unmet need of age-associated cognitive dysfunction and Alzheimer's dementia, until very recently not targeted by pharmaceutical companies. Current therapies (cholinesterase inhibitors and NMDA antagonists) for dementia are poorly efficacious, non-disease modifying, and toxic within the therapeutic dose range. 11β-HSD1 inhibitors have the following advantages over other drug classes:

- Low toxicity at therapeutic doses. Other selective 11β-HSD1 inhibitors have progressed to phase 1 and 2 clinical trials for type 2 diabetes with the only target related toxicity being modest elevation of the adrenal androgen levels, as predicted from enhanced metabolic clearance rate for cortisol.
- Potential for disease modification in Alzheimer's disease. The striking reduction in amyloid plaque burden in Tg2576 mice following UE2316 administration represents a substantial potential benefit over existing therapies, justifying the focus on this issue in preclinical studies in the current proposal. Importantly, however, unlike well-publicised recent failures of therapies targeted exclusively at amyloid plaque reduction, 11β-HSD1 inhibitors have symptomatic effects which are independent of any disease-modifying effect, justifying progression to the trial of symptomatic efficacy in the current proposal.
- Added value for metabolic and cardiovascular risk factors. Selective 11β-HSD1 inhibitors in phase 2 studies have reduced plasma glucose, blood pressure, and body weight and improved lipid profile. These systemic risk factors also influence progression of dementia.
- Through an internally-managed programme, selective 11β- HSD1 inhibitors have been identified that are effective in preclinical dementia models and have advanced an optimised compound, UE2343, into a Phase I single ascending dose study, which was completed in 2013".

Further details are outlined in the EM attached to the Notice and announcements made by Actinogen to 30 September 2014. Shareholders should also read any announcements made by Actinogen to the ASX in September 2014 and to the date of the shareholders meeting.

3.3 A summary unaudited adjusted balance sheet (statement of financial position) of Corticrine as at 30 June 2014 is noted elsewhere in this report.

4. Future Directions of Actinogen

4.1 We have been advised by the directors and management of Actinogen that:

- There are no proposals currently contemplated either whereby Actinogen will acquire any further assets from Corticrine's shareholders (including the Common Shareholders) (however Actinogen will issue ordinary shares to the Corticrine shareholders as outlined above in relation to the Acquisition) or where Actinogen will transfer any of its property or assets to Corticrine's shareholders;
- The composition of the Board will change in the short term as noted above;
- The Company is to shortly complete the raising of a minimum of $2,000,000 at 2.0 cents per share via a Capital Placement and approximately $900,000 of these funds will be spent in relation to the Corticrine assets ($1,000,000 of such funds raised on 2 September 2014);
- No dividend policy has been set; and
- The Company will endeavour to enhance the value of its interests in its existing biotech assets and will also concentrate on its investment in Corticrine, once acquired.

5. Basis of Valuation of Actinogen Shares

5.1 Shares

5.1.1 In considering the proposal to acquire all of the shares in Corticrine, we have sought to determine if the consideration payable by Actinogen to the Corticrine shareholders (including the Common Shareholders) is fair and reasonable to the existing non-associated shareholders of Actinogen.

5.1.2 The offer would be fair to the existing non-associated shareholders if the value of the ordinary shares in Corticrine being acquired by Actinogen is greater than the implicit value of the Consideration Shares (ordinary shares) in Actinogen being offered as consideration. Accordingly, we have sought to determine a theoretical value that could reasonably be placed on Actinogen shares for the purposes of this report.

5.1.3 The valuation methodologies we have considered in determining a theoretical value of an Actinogen ordinary share (and also a Corticrine share) are:

- Capitalised maintainable earnings/discounted cash flow;
- Takeover bid - the price at which an alternative acquirer might be willing to offer;
- Adjusted net asset backing and windup value; and
- The market price of Actinogen shares (and Corticrine shares).

5.2 Capitalised maintainable earnings and discounted cash flows.

5.2.1 Due to Actinogen's current operations, a lack of a reliable long term profit history arising from business undertakings and the lack of a reliable future cash flow from current business activities, we have considered these methods of valuation not to be relevant for the purpose of this report. Actinogen made a loss of approximately $440,000 for the year ended 30 June 2014 and as at 30 June 2014 has audited losses of approximately $10,823,000.

5.3 Takeover Bid

5.3.1 It is possible that a potential bidder for Actinogen could purchase all or part of the existing shares, however no certainty can be attached to this occurrence. To our knowledge, there are no current bids in the market place and the directors of Actinogen have formed the view that there are unlikely to be any takeover bids made for Actinogen in the immediate future. However, if the agreement to acquire Corticrine is completed, the Common Shareholders will each initially control approximately 7.23% of the expanded ordinary issued capital of Actinogen but such parties are unrelated to each other. Also refer paragraph 2.6 above.

5.4 Adjusted Net Asset Backing

5.4.1 We set out below an audited balance sheet (statement of financial position) of Actinogen (Balance Sheet "A") as at 30 June 2014, adjusted for the incurring estimated administration, research and due diligence and other costs of say $200,000 and depreciation of plant of $6,000 for the period 1 July 2014 to 30 September 2014 (but excluding funds received or to be received from the Capital Placement and Director Placements as these funds are being raised as a condition of the Acquisition and not for main use by Actinogen on its existing biotechnology interests).

In addition, we disclose a pro-forma consolidated Balance Sheet "B" assuming the following:

- The completion of the Capital Placement assumed to be the minimum gross amount of $2,000,000 and incurring capital placement costs of $150,000 (issued at 2.0 cents each);
- The acquisition of all of the shares in Corticrine by way of an issue of 125,000,000 ordinary Consideration Shares at a deemed issue price of 2.0 cents per share for a total deemed consideration of $2,500,000;
- Allowing for indirect costs of the Acquisition and Notice preparation of approximately $50,000;
- The issue of 19,500,000 Director Placement Shares at 2.0 cents each to raise $390,000;
- The issue of 5,500,000 Facilitator Options with a deemed fair value of $77,000: and
- The issue of 33,000,000 Loan Shares with a deemed fair value of $340,000.

In addition, we disclose the unaudited consolidated statement of financial position of the Corticrine Group as at 30 June 2014 after adjusting for further liabilities of $80,500 relating to a Licence Agreement.

	Audited Adjusted 30 June 2014 Actinogen $000 "A"	Unaudited Pro-forma 30 June 2014 Actinogen (including consolidation of Corticrine) $000 "B"	Unaudited Adjusted Corticrine 30 June 2014 $000
Current Assets			
Cash assets	1,127	3,317	-
Trade and other receivables	26	26	-
Total Current Assets	1,153	3,343	-
Non Current Assets			
Plant and equipment	100	100	-
Intangibles (refer below)	-	2,620	-
Available for sale assets	2	2	-
Total Non Current Assets	102	2,722	-
Total Assets	1,255	6,065	-
Current Liabilities			
Trade and other payables	250	370	120
Total Current Liabilities	250	370	120
Total Liabilities	250	370	120
Net Assets/(Liabilities)	1,005	5,695	(120)
Equity			
Issued Capital	7,245	11,985	-
Reserves	4,789	5,206	-
Accumulated Losses	(11,029)	(11,496)	(120)
Total Equity	1,005	5,695	(120)

The net asset (book value) backing per fully paid (pre acquisition of Corticrine) ordinary Actinogen share as at 30 June 2014 based on the adjusted balance sheet (Balance Sheet "A") and 202,632,338 pre-consolidated ordinary shares on issue is approximately 0.49 cents (refer paragraph 5.4.6 below).

Based on the unaudited pro-forma consolidated net asset book values, this equates to a value per fully paid ordinary share post the Acquisition of approximately 1.18 cents per share (1.27 cents per share excluding the Loan Shares) (ignoring the value, if any, of non-booked tax benefits). Ignoring intangibles, the net book asset backing per share approximates 0.64 cents (0.68 cents excluding the Loan Shares).

5.4.2 We have accepted the Actinogen amounts as disclosed for all current assets and non-current assets, except for the carrying value of the Company's interest in the Biotechnology Assets. We have been advised by the management of Actinogen that they believe the carrying value of all current assets, fixed assets and liabilities at 30 June 2014 (as adjusted as noted above) are fair and not materially misstated.

5.4.3 However, it is noted that that the "market" over the past year or so has consistently valued the Company at a price (based on market capitalisation) greater than the net book assets of Actinogen. It would appear that the investors (minorities) are ascribing a value to the biotechnology of at least $1,000,000 (after allowing for cash funds of the Actinogen Group) and on occasions at far higher values. However, we have not applied this "potential" value in ascribing a current value to an Actinogen share. Losses to date have been substantial and there is no certainty that the biotechnology projects of the Actinogen Group will lead to commercialisation.

5.4.4 Based on the assumptions/values provided to us of the other assets and liabilities of Actinogen as at 30 June 2014 as per Balance Sheet A above, the net book fair value of the Actinogen Group is as follows:

	Paragraph	**Preferred $000's**
Biotechnology Assets	5.4.3	- (unable to value)
Plant and equipment		100
Current assets		1,153
Total liabilities		(250)
Total Net Assets at fair values		1,005
Number of shares on issue		202,632,338
Net asset per share at fair value (cents)		**0.49**

5.4.5 Based on the preferred values, the adjusted net book values at 30 June 2014 equates to a value per share (202,632,338 shares) of approximately 0.49 cents (ignoring the value, if any, of non-booked tax benefits and any potential value to the research undertaken on various biotechnology projects being undertaken by the Actinogen Group). See comments below on ASX share prices.

5.4.6 We note that the market has been informed of all of the current projects of Actinogen. We also note it is not the present intention of the Directors of Actinogen to liquidate the Company and therefore any theoretical value based upon wind up value or even net book value (as adjusted), is just that, theoretical. The shareholders, existing and future, must acquire shares in Actinogen based on the market perceptions of what the market considers an Actinogen share to be worth.

The potential value of an Actinogen share could be the issue price that the Capital Placement is to be undertaken (to finance the expansion of Corticrine on the assumption the Corticrine Acquisition proceeds), being 2.0 cents per share.

5.4.7 The market has either generally valued the vast majority of biotechnology companies at significant discounts or premiums to book values (rarely are appraised technical values available on early biotechnology companies) and this has been the case for a number of years although we also note that there is an orderly market for Actinogen shares and the market is kept fully informed of the activities of the Company. However, it is noted that from Actinogen's point of view as the legal parent company, the value ascribed to the 125,000,000 Consideration Shares to be issued to the Cortricine shareholders (including the Common Shareholders) would be accounted for at the market value of a Actinogen share at date of issue or possibly at the issue price (2.0 cents) of the Capital Raising Shares and Director Placement Shares.

5.5 Market Price of Actinogen Fully Paid Ordinary Shares

5.5.1 Share prices in Actinogen as recorded on the ASX since 1 March 2014 up to and including 25 August 2014 (last sale before the announcement of the proposed Acquisition on 27 August 2014) have been as follows:

2014	High Cents	Low Cents	Closing Price Cents	Volume 000's
March	4.5	2.5	4.5	3,490
April	4.4	2.7	2.7	1,720
May	2.7	2.1	2.1	618
June	2.4	1.1	1.1	305
July	2.0	1.6	1.8	217
August (to 25th)	3.9	1.8	3.9	55

As can be seen from the trading volume on ASX, there was very little trading of the Actinogen shares before the announcement of the Acquisition. The Corticrine acquisition was announced to the market on 27 August 2014. There were many trading days over the six months to 25 August 2014 where there were no trades of Actinogen shares on ASX.

5.5.2 As can be seen above, the price at which shares traded varied considerably and it is difficult to arrive at a fair value for an Actinogen share, particularly in light of the modest trading volumes. Due to the low volumes (no Deep Market exists), varying share price and the Company's relatively low cash position and lack of any commercialisation of any biotechnology projects that may be affecting the share price, we have considered that the listed share price methodology is not the most appropriate methodology to use in this instance.

5.5.3 Subsequent to the announcement of the Acquisition, the shares in Actinogen have traded on ASX at between 3.7 cents and 5.0 cents with a last sale on 30 September 2014 of 4.0 cents. The volume of trades in Actinogen shares post the announcement has risen significantly and between 27 August 2014 and 30 September 2014, the volumes of trades in Actinogen shares on ASX was 14,085,324 (2,099,626 shares traded on ASX on the day of the announcement and 4,464,998 the following day).

6. Preferred valuation method of valuing a Actinogen Share

6.1 In assessing the fair value of Actinogen and a Actinogen ordinary share pre the Acquisition of Corticrine we have selected the net assets on a going concern methodology as the preferred methodology as:

- Actinogen does not generate revenues or profits and per the audited accounts has incurred significant losses in the financial years ended 30 June 2013 and 2014. Therefore the capitalisation of future maintainable earnings and discounted future cash flows are not appropriate; and

- Although the shares of Actinogen are listed, as there is only moderate trading volumes on ASX and the share prices in recent times may be affected by the lack of cash resources it is arguably inappropriate to use market share prices to value the Company and the shares in the Company for the purposes of this report. We note share prices as a secondary methodology and have considered share prices in assessing reasonableness of the proposals with the Common Shareholders and the other shareholders of Cortricine.

6.2 As stated at paragraph 5.4.5 we have assessed the value of an Actinogen share prior to the proposed Acquisition of Corticrine on a book net asset basis on a going concern basis as follows:

	Preferred
Net asset per share (cents)	**0.49**

We note that, the book net asset value may not necessarily reflect fair values in the current economic circumstances of the Company. The market is ascribing some value to the biotechnology interests of the Actinogen Group as the range of market capitalisations in the six months to 27 August 2014 is well in excess of net asset backings during that period.

6.3 As noted above the estimated net asset value share approximates 0.49 cents which is less than the last ASX share price of 1.8 cents (6,000 shares traded) on 8 August 2014 and 3.9 cents (45,000 shares traded) (the last trading share price date before of the announcement of the Acquisition on 27 August 2014).

6.4 The future value of an Actinogen share will depend upon, inter alia:

* the future success of the existing biotechnology projects of the Actinogen Group and the business (the development of new therapies for Alzheimer's dementia) of Corticrine being obtained via the Acquisition;
* the state of Australian and overseas stock markets;
* the strength and performance of the Board and management and/or who makes up the Board and management;
* Foreign exchange rates;
* general economic conditions;
* the liquidity of shares in Actinogen; and
* possible ventures and acquisitions entered into by Actinogen.

Post the Acquisition, Corticrine will appoint two persons to the Board of Actinogen (Messrs Loveridge and Rogers) and thus have two representatives out of four Directors (one of the existing Directors of Actinogen is to resign).

7. Value of Consideration

7.1 Based on the pre-announcement assessed fair (book) value of an ordinary share in Actinogen (not ASX share prices), the booked cost of the Consideration would be:

	Preferred
125,000,000 Consideration Shares	$612,500
Assumed share issue price based on assessed fair /Book values (paragraph 7.5)	0.49 cents

We have excluded the indirect costs and legal and other fees.

7.2 It is noted that at the time of negotiation of the Acquisition, the Actinogen directors considered that the fair market value of an Actinogen ordinary share may have been around the 1.6 cents to 2.0 cents range and thus the Consideration for the Consideration Shares would lie in the range of $2,000,000 and $2,500,000.

7.3 If we used the 3.7 cent to 5.0 cent ASX share price since the announcement of the proposed Acquisition as noted above, the amounts attributable to the ordinary Consideration Shares would lie in the range of $4,625,000 to $6,250,000. Using the 2.0 cents Capital Placement issue price, the deemed Consideration attributable to the 125,000,000 Consideration Shares would be $2,500,000.

8. Fairness of the Proposals with the Cortricine Shareholders (including the Common Shareholders)

8.1 In arriving at our conclusion on fairness, we considered whether the transaction is "fair" by comparing:

(a) the fair market value of a Actinogen share pre-transaction on a control basis; versus
(b) the fair market value of a Actinogen share post-transaction on a minority basis, taking into account the additional cash raised via the Capital Placement and Director Placements and the associated dilution resulting from the issue of new ordinary shares under the proposed Acquisition and the exercise of the Facilitator Options and existing 2 cent share options.

8.2 The fair/book value of an Actinogen share **pre the Proposed Acquisition on a control basis** as noted in paragraph 5.4.5 is 0.49 cents.

8.3 We set out below the estimated technical net asset value of Actinogen based on pro-forma Balance Sheet B as detailed in paragraph 5.4.1 and after adjusting for the following transactions:

- The completion of the Capital Placement assumed to be the minimum gross amount of $2,000,000 and incurring capital raising costs of $150,000;
- The issue of 19,500,000 Director Placement Shares at 2.0 cents each to raise $390,000;
- The acquisition of all of the shares in Corticrine by way of an issue of 125,000,000 ordinary Consideration Shares at 2.0 cents each. However, as noted below we cannot currently ascribe a fair value to Corticrine and have thus used the adjusted book net assets of the Corticrine Group as at 30 June 2014. The ultimate fair value of Corticrine may materially exceed the book net asset position if commercialisation of new therapies for Alzheimer's dementia occur;
- Allowing for indirect costs of the Acquisition and Notice preparation of approximately $50,000; and
- Assuming the Facilitator Options and existing share options will be exercised at 2.0 cents each and the Company raises new cash funds of $1,080,000.

	Preferred $
Net assets at fair/book values pre Acquisition and other transactions	1,005,000
Net Cash raised from the Capital Placement	1,850,000
Cash raised from Director Placement	390,000
Value of Cortricine	(not able to value)
Indirect costs	(50,000)
Options exercised proceeds	1,080,000
Total post Acquisition Value	**4,275,000**
Diluted number of ordinary shares on issue	501,132,338
Net asset value per share	0.85
Minority interest discount	16.67%
Minority value per share (cents)	**0.71**

8.4 The above calculation table takes into account the Capital Placement and Director Placements (at 2.0 cents share) as part and parcel of the Acquisition. Shareholders must approve the Acquisition before the completion of the Capital Placement proceeds (50% of the Capital Placement has occurred however on the understanding that the Acquisition will proceed). In the absence of the Acquisition approval, the Acquisition will not proceed and Actinogen will end up with cash and with some existing biotechnology projects that are far away from commercial success.

The value post Acquisition would be further enhanced if we could ascribe a value to Corticrine (refer section 10 below).

8.5 We included the Facilitator Options (and existing 2 cent share options) being exercised as cash of $1,080,000 would be received by Actinogen. It would be unlikely that the Facilitator Options and existing 2 cent share options would be exercised until the share price of an Actinogen share trading on ASX consistently exceeds their exercise price of 2.0 cents. It is noted that post the announcement of the Acquisition, the shares in Actinogen have traded in the 3.7 cents to 5.0 cents range (to 30 September 2014).

We have excluded the Loan Shares as such shares are subject to various vesting conditions as noted above (notwithstanding they are considered ordinary shares). No cash is received on the issue of any Loan Shares and is only payable (up to $640,000 may be received) on meeting vesting conditions or at the end of five years from date of issue. The Loan Shares can be forfeited as noted elsewhere in this report. If the Loan Shares vesting conditions are met on meeting vesting conditions and the Participants pay the 2 cents per Loan Share to Actinogen it would be expected that the share price of an Actinogen share would be in excess of the share prices of July to 29 September 2014.

We have excluded the existing 40.0 cent share options on issue as they are considered to be materially "out of the money" and unlikely to be exercised by the relevant expiry date.

8.6 In order to reflect the minority interest value we have applied a minority interest discount to the technical net asset value.

8.7 Using the preferred net asset fair values, the estimated fair (book) value of a Actinogen share pre the Proposed Acquisition on a control basis is less than the estimated fair value of a Actinogen share post the proposals on a minority basis (on a diluted basis that includes the exercise of the certain share options as noted above) and on the preferred methodology basis, the issue of 125,000,000 Consideration shares to the Cortricine Shareholders (including the Common Shareholders) would be fair.

8.8 If we had used say a share price of 2.0 cents being the fair value of an Actinogen share (being the proposed Capital Placement share issue price), the value of Actinogen pre the Acquisition may be approximately $4,052,000 and after adjusting for the Capital Placement/Director Placements and exercise of the share options as noted above, the net value per share post the transactions would equate to approximately 1.46 cents on a diluted share basis and after allowing for a minority share discount, the value to a minority shareholder may approximate 1.22 cents (that is less than the pre Transactions basis of the deemed 2.0 cents) and on such a basis, the issue of 125,000,000 Consideration shares to the Corticrine Shareholders (including the Common Shareholders) would not be fair.

However, as we cannot ascribe fair values to the biotechnology interests of both Actinogen and Corticrine and we cannot ascribe a fair value to Corticrine, the above exercise is somewhat superfluous and thus, even if we did not undertake the above calculations, in the absence of ascribing a value to Corticrine we would conclude the proposals with the Common Shareholders (and the Corticrine Vendors collectively) would not be fair.

9. Basis of Valuation of Corticrine

9.1 The usual approach to the valuation of an asset is to seek to determine what an informed, willing but not anxious buyer would pay to an informed, willing but not anxious seller in an open market.

9.2 Corticrine is an unlisted private company and therefore valuing the shares on a takeover basis and on a market based approach are not relevant. There are no indications that other parties wished to acquire all of the shares in Corticrine other than Actinogen. The shareholder in Corticrine does not have an active market to trade its shares.

9.3 The adjusted balance sheet of Corticrine at 30 June 2014 is disclosed under paragraph 5.4.1 above. This balance sheet shows Corticrine net liabilities carried at a book value of $120,000 with capitalised research costs carried at a book value of $nil.

9.4 Completion of the Acquisition is conditional on all necessary due diligence being undertaken on the ownership interests of Corticrine, Corticrine's shareholding and interests and ownership of the biotechnology licence behind the business. We advise that we have not undertaken any further steps to ascertain ownership of Corticrine and its assets and liabilities.

9.5 The usual approach to the valuation of an asset is to seek to determine what an informed, willing but not anxious buyer would pay to an informed, willing but not anxious seller in an open market. To estimate the fair market value of the shares in Corticrine, we have considered valuation methodologies recommended by ASIC Regulatory Guideline 111 regarding valuation reports of independent experts and common market practice. These are discussed below.

9.6 Market based methods

Market based methods estimate a company's fair market value by considering the market price of transactions in its shares or market value of comparable companies. Market based methods include:

- Capitalisation of maintainable earnings;
- Analysis of a company's recent share trading history; and
- Industry specific methods.

The capitalisation of maintainable earnings methods estimates fair market value based on the company's future maintainable earnings and an appropriate earnings multiple. An appropriate earnings multiple is derived from market transactions involving comparable companies. The capitalisation of maintainable earnings is appropriate where the company's earnings are relatively stable. The most recent share trading history provides evidence on the fair market value of the shares in a company where they are publicly traded in an informed and liquid market. Industry-specific methods estimate market value using rules of thumb for a particular industry. Generally, rules of thumb provide less persuasive evidence on market value of a company, since they may not account for company-specific factors.

9.7 Discounted cash flow method

The discounted cash flow method estimates market value by discounting a company's future cash flows to their present value. This method is appropriate where a projection or forecast of future cash flows can be made with a reasonable degree of confidence. The discounted cash flow method is commonly used to value early stage companies or projects with a finite life.

9.8 Asset-based methods

Asset-based methods estimate the market value of a company's shares based on the realisable value of its identifiable net assets. Asset-based methods include:

- Orderly realisation of assets method;
- Liquidation of assets method; and
- Net asset on a going concern basis.

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities, including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter timeframe. Since winding up or liquidation of the company may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis, estimates the market values of the net assets of the company but does not take account of realisation costs.

These approaches ignore the possibility that the company's value could exceed the realisable value of its assets. Asset-based methods are appropriate when companies are not profitable or a significant proportion of a company's assets are liquid.

9.9 Selection of Valuation Methodologies

All of the valuation methodologies considered above have significant limitations or restrictions in their application to Corticrine.

Capitalisation of maintainable earnings is not appropriate because Corticrine is not presently profitable. Recent share trading is not applicable as it is an unlisted public company. The discounted cash flow method has not been applied because no reliable prospective financial information is available (refer below). An asset-based method is limited by the fact that the Corticrine Group's primary asset is an interest in the biotechnology that drives the business model that has yet to be fully commercially exploited and many years of continuing research and testing is required. The book values of Corticrine assets and liabilities as at 30 June 2014, as adjusted is noted in paragraph 5.4.1 and net liabilities disclosed at approximately $120,000.

9.10 In this section we consider the valuation of Corticrine. We have considered the valuation of Corticrine in assessing whether or not the proposal outlined in Resolution 6 (and 5) is fair and reasonable for Actinogen's non-associated shareholders. In forming our opinion on the value of Corticrine we have, inter-alia:

- Considered the stage of development of Corticrine and the prospective financial information available;
- Considered the appropriateness of the valuation methodologies available; and
- Considered the ability of Corticrine to continue as a going concern without funding.

9.11 Valuation of Corticrine

As discussed, the capitalisation of maintainable earnings, discounted cash flow and asset-based methodologies have limitations in their application to Corticrine. It is noted that there are no internal valuations prepared and no formal adoption of cash flow and profit and loss forecasts (other than preliminary cash outflow budgets for 2014/15).

9.12 Summary of valuation methodology and conclusion

We are unable to conclude upon a meaningful valuation range for Corticrine due to the lack of readily available and reliable financial projections and information.

Corticrine has prepared preliminary cash outlay projections for the period 1 October 2014 to 31 December 2015 that are predicated on Corticrine raising sufficient funds to spend on research relating to the development of new therapies for Alzheimer's dementia. The preliminary cash flow projections do not include any revenue. It is estimated that cash outlays for the period noted above would exceed the cash reserves of the expanded Actinogen Group as noted in paragraph 5.4.1. Based on very preliminary projections, past 2015, revenues are not expected until 2021 (assumes all trials, tests and other regulatory approvals are passed) and revenues may be substantial. However, we cannot rely on such long range projections at this stage. It would also be expected that research and developments costs past 2015 will be substantial and in the many millions of dollars. Corticrine will need to raise further funds past 2014/15.

If the acquisition of Corticrine by Actinogen is achieved, Actinogen will need to meet the liabilities of Corticrine. Actinogen does not have large cash reserves and is in the process of raising a gross $1,390,000 and as noted elsewhere in this report the majority will be lent to Corticrine for working capital (assumes the Acquisition proceeds).

10. Conclusion as to Fairness

10.1 The proposal pursuant to Resolution 6 (and 5) is believed fair to Actinogen's non-associated shareholders if the value of the consideration offered is equal to or less than the value of the shares in Corticrine (100%) to be acquired.

10.2 Owing to the nature of the business of Corticrine, valuations depend on the value placed on the biotechnology interests of the company. The valuation of biotechnology interests and valuing future profitability and cash flows is extremely subjective because it involves assumptions regarding future events that are not capable of independent substantiation.

10.3 We have been unable to determine a fair value for Corticrine. In arriving at our view that we are unable to form an opinion on the value of Corticrine, we have, inter-alia, referred to the following factors:

- The relative newness of the business and nil revenues to meet all costs;
- The ability to produce positive cash flow and profits over a period of time is uncertain;

- Corticrine needs to obtain sufficient working capital to meet its planned objectives;
- The lack of longer term cash flow models;
- The risks associated with commercialisation of the development of new therapies for Alzheimer's dementia.

10.4 We have concluded that we are unable to ascribe a fair value to Corticrine shares and therefore cannot form an opinion as to whether the proposal under Resolution 5 is fair. In the absence of a determination of fair value**, we conclude that the proposal pursuant to Resolution 5 is not fair. By implication, the proposals pursuant to Resolution 6 are also not fair at the date of this report.**

11. Reasonableness of the Corticrine Acquisition

11.1 We set out below some of the advantages and disadvantages and other factors pertaining to the proposed Acquisition that we considered in arriving at our conclusion on the reasonableness of the Acquisition and in particular the proposals pursuant to Resolution 6.

Advantages

11.2 The Company expands its biotechnology projects through Completion of the Acquisition. The current biotechnology projects of Actinogen although they have merit are in early stage research whilst it is noted that over $25 million has been spent to date on research relating to the development of new therapies for Alzheimer's dementia.

11.3 The Company may be better placed to raise further funds by way of share equity as a result of acquiring all of the shares in Corticrine. It is noted that $2,390,000 (of which $1,000,000 raised to 2 September 2014) is being raised on the back of the proposed acquisition of Corticrine and if commercial success comes Corticrine's way, Actinogen may be able to raise further funds for expansion of Corticrine business and its own current biotechnology projects. Currently capital raisings for small junior biotechnology companies is difficult and by diversifying into other biotechnologies (via Corticrine), increases the scope for new capital raisings.

11.4 There is an incentive to Actinogen and Corticrine to successfully exploit the biotechnologies of the expanded Actinogen Group as the Corticrine Shareholders will or may have a collectively significant shareholding interest in Actinogen. All shareholders would benefit from an increased share price which would be expected if the Vesting conditions attached to the Loan Shares were achieved.

11.5 Existing shareholders may be given the opportunity to sell their shares in excess of the share prices existing prior to the Acquisition announcement. However, those shareholders who consider the risk of entering into new biotechnologies to be too high may wish to sell their shareholdings in Actinogen. The market via an increased volume of trades in Actinogen shares (and an increased share price) subsequent to the announcement of the proposed Acquisition has indicated a positive response to the proposal.

11.6 The net book assets of Actinogen are estimated at $1,005,000 whilst post the Acquisition, the net book assets of the Actinogen Group that will include Corticrine is estimated to be an initial $5,695,000 (although intangibles may amount to around $2,620,000). The value attributable to the existing shareholders approximates $2,580,000 (approximately $1,393,000 if intangibles excluded) compared with a current shareholding interest of approximately $1,005,000.

Disadvantages

11.7 If Resolutions 5 to 19 are passed, existing shareholders that are not also Corticrine shareholders will be diluted from owning a 31 August 2014 70.39% shareholding interest in Actinogen and its underlying assets to a smaller shareholding of approximately 29.70% post the Acquisition and completion of the full Capital Placement and Director Placements (excludes the issue of Loan Shares).

11.8 The development of new therapies for Alzheimer's dementia by Corticrine may not turn out to be commercially viable and thus losses may continue to be incurred. Loans will be made by Actinogen to Corticrine and these plus the investment cost may need to be impaired if Corticrine does not record in the future sufficient profits and positive cash flows.

11.9 If the acquisition of the Corticrine Group by Actinogen is achieved, Actinogen will need to meet the liabilities (current and future) of Corticrine that may be material in nature. New capital may need to be raised in 2015.

Other Factors

11.10 It is noted that for accounting purposes in the books of Actinogen, the Consideration Shares will be booked at the market value of the ordinary shares in Actinogen at the date the Consideration Shares are issued to the Corticrine shareholders. Actinogen as the legal parent entity will account for the value of the ordinary Consideration Shares at the market value of the ordinary shares in Actinogen that may be considered to lie in the post announcement range of 3.7 cents to 5.0 cents (but may well be booked at be the Capital Placement share issue price of 2.0 cents per share). The ultimate fair value of an investment in Corticrine is at this stage unknown and write downs in the investment may be required at a later stage (particularly if commercial success is not forthcoming).

11.11 The number of fully paid ordinary shares on issue rises to as noted in paragraph 2.3 of this report. This represents a substantial increase in the ordinary shares of the Company based on the number of shares on issue at 31 August 2014 and at the time of the announcement of the Acquisition on 27 August 2014.

11.12 The proposed new board members, being Messrs Loveridge and Rogers bring technical and business experience. Further details on the proposed new directors have been included in Section 13 of the EM. Post the Acquisition, Corticrine will have two representatives out of four Directors (one of the existing Directors of Actinogen is to resign).

11.13 It is the view of the Board of Actinogen that the investment in Corticrine is in the best interests of all shareholders.

11.14 Based on the rise in the share price (and volumes of trades) of an Actinogen share following the announcement as compared with the sale prices in July/August 2014 before the announcement of the proposed Acquisition, the market is arguably favourable of the proposals.

12. **Conclusion as to Reasonableness**

12.1 **After taking into account the factors referred to in 11 above and elsewhere in this report we are of the opinion that the advantages to the existing shareholders outweigh the disadvantages and thus the proposed Acquisition as noted in paragraphs 1.1 and 1.2 and Resolution 5 in the Notice may be considered, on balance, to be reasonable to the existing non-associated shareholders of Actinogen at the date of his report. By implication, the proposals pursuant to Resolution 6 are also reasonable at the date of this report.**

13. Shareholder Decision

13.1 Stantons International Securities Pty Ltd has been engaged to prepare an independent expert's report setting out whether in its opinion the acquisition by the Company of the issued capital in Corticrine held by the Common Shareholders is fair and reasonable and state reasons for that opinion. Stantons International Securities Pty Ltd has not been engaged to provide a recommendation to shareholders in relation to the proposals under Resolution 6 (and Resolution 5) (but we have been requested to determine whether the proposals pursuant to Resolution 1 and 2 are fair and/or reasonable to those shareholders not associated with the Common Shareholders. The responsibility for such a voting recommendation lies with the directors of Actinogen.

13.2 In any event, the decision whether to accept or reject Resolution 6 (and Resolution 5) is a matter for individual shareholders based on each shareholder's views as to value, their expectations about future market conditions and their particular circumstances, including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. If in any doubt as to the action they should take in relation to the proposals under Resolution 6 (and Resolution 5), shareholders should consult their own professional adviser.

13.3 Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell shares in Actinogen. This is an investment decision upon which Stantons International Securities does not offer an opinion and is independent on whether to accept the proposals under Resolution 6 (and Resolution 5). Shareholders should consult their own professional adviser in this regard.

14. Sources of Information

15.1 In making our assessment as to whether the proposed Acquisition as noted in paragraphs 1.1 and 1.2 is fair and reasonable, we have reviewed relevant published available information and other unpublished information of the Company and Corticrine that is relevant to the current circumstances. In addition, we have held discussions with the management of Actinogen about the present and future operations of the Company. Statements and opinions contained in this report are given in good faith but in the preparation of this report, we have relied in part on information provided by the directors and management of Actinogen.

15.2 Information we have received includes, but is not limited to:

a) Drafts of the Notice and EM of Actinogen to 1 October 2014;
b) Discussions with management of Actinogen;
c) Details of historical market trading of Actinogen ordinary fully paid shares recorded by ASX for the period 1 June 2013 to 30 September 2104;
d) Shareholding details of Actinogen as supplied by the Company's share registry as at 9 September 2014;
e) Audited balance sheet of Actinogen as at 30 June 2014;
f) Announcements made by Actinogen to the ASX to 30 September 2014;
g) The unaudited financial statements of Corticrine for the period ended 30 June 2014;
h) Mini Business Plan of Corticrine;
i) Preliminary cash flow forecasts of Corticrine for period October 2014 to December 2015;

j) The Share Sale Agreements executed in August 2014 for the proposed acquisition of all of the shares in Corticrine; and
k) The Licensing Agreements between Corticrine and the University of 9/16 June 2014.

14.3 Our report includes Appendix A and our Financial Services Guide attached to this report.

Yours faithfully
STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)

J P Van Dieren - FCA
Director

APPENDIX A

AUTHOR INDEPENDENCE AND INDEMNITY

This annexure forms part of and should be read in conjunction with the report of Stantons International Securities Pty Ltd dated 1 October 2014, relating to the acquisition by the Company of the issued capital in Corticrine held by the Common Shareholders as part of the acquisition of Corticrine as outlined in Section 1 of the report and Resolution 6 in the Notice of Meeting to Shareholders and the Explanatory Memorandum proposed to be distributed to the Actinogen shareholders in October 2014.

At the date of this report, Stantons International Securities Pty Ltd does not have any interest in the outcome of the proposals. There are no relationships with Actinogen and Corticrine other than acting as an independent expert for the purposes of this report. Before accepting the engagement Stantons International Pty Ltd considered all independence issues and concluded that there were no independence issues in accepting the assignment to prepare the Independent Experts Report. There are no existing relationships between Stantons International Securities Pty Ltd and the parties participating in the transaction detailed in this report which would affect our ability to provide an independent opinion.

The fee to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses and is estimated at a maximum of $20,000. The fee is payable regardless of the outcome. With the exception of the fee, neither Stantons International Securities Pty Ltd nor John P Van Dieren and Martin Michalik have received, nor will, or may they receive, any pecuniary or other benefits, whether directly or indirectly, for or in connection with the making of this report.

Stantons International Securities Pty Ltd does not hold any securities in Actinogen and Corticrine. There are no pecuniary or other interests of Stantons International Securities that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stantons International Securities Pty Ltd and Mr J Van Dieren have consented to the inclusion of this report in the form and context in which it is included as an annexure to the Notice.

QUALIFICATIONS

We advise Stantons International Securities Pty Ltd is the holder of an Australian Financial Services Licence (no 448697) under the Corporations Act 2001 relating to advice and reporting on mergers, takeovers and acquisitions that involve securities. The directors of Stantons International Audit and Consulting Pty Ltd are the directors of Stantons International Securities Pty Ltd. Stantons International Securities Pty Ltd has extensive experience in providing advice pertaining to mergers, acquisitions and strategic for both listed and unlisted companies and businesses.

Mr John P Van Dieren, FCA, and Mr Martin Michalik (ACA) the persons responsible for the preparation of this report, have extensive experience in the preparation of valuations for companies and in advising corporations on takeovers generally and in particular on the valuation and financial aspects thereof, including the fairness and reasonableness of the consideration offered.

The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the task they have performed.

DECLARATION

This report has been prepared at the request of the Directors of Actinogen in order to assist them to assess the merits of the proposed acquisition of the issued capital of Corticrine held by the Common Shareholders as part of the Acquisition as outlined in Resolution 6 the Explanatory Memorandum (to shareholders) to which this report relates. This report has been prepared for the benefit of Actinogen's shareholders and does not provide a general expression of Stantons International Securities Pty Ltd's opinion as to the longer term value of Actinogen and Corticrine and their assets. Stantons International Securities Pty Ltd does not imply, and it should not be construed, that is has carried out any form of audit on the accounting or other records of Actinogen and Corticrine. Neither the whole nor any part of this report, nor any reference thereto may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stantons International Securities to the form and context in which it appears.

DUE CARE AND DILEGENCE

This report has been prepared by Stantons International Securities Pty Ltd with due care and diligence. The report is to assist shareholders in determining the fairness and reasonableness of the proposals set out in Resolution 6 to the Notice and each individual shareholder may make up their own opinion as to whether to vote for or against Resolution 6.

DECLARATION AND INDEMNITY

Recognising that Stantons International Securities Pty Ltd may rely on information provided by Actinogen and its officers (save whether it would not be reasonable to rely on the information having regard to Stantons International Securities Pty Ltd's experience and qualifications), Actinogen has agreed:

(a) To make no claim by it or its officers against Stantons International Securities Pty Ltd (and Stantons International Audit and Consulting Pty Ltd) to recover any loss or damage which Actinogen may suffer as a result of reasonable reliance by Stantons International Securities Pty Ltd on the information provided by Actinogen; and

(b) To indemnify Stantons International Securities Pty Ltd (and Stantons International Audit and Consulting Pty Ltd) against any claim arising (wholly or in part) from Actinogen or any of its officers providing Stantons International Securities Pty Ltd any false or misleading information or in the failure of Actinogen or its officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stantons International Securities Pty Ltd

A draft of this report was presented to Actinogen directors for a review of factual information contained in the report. Comments received relating to factual matters were taken into account, however the valuation methodologies and conclusions did not alter.

FINANCIAL SERVICES GUIDE
FOR STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)
Dated 1 October 2014

1. Stantons International Securities ABN 42 128 908 289 and Financial Services Licence 448697 ("SIS" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

2. **Financial Services Guide**

In the above circumstances we are required to issue to you, as a retail client a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No: 448697;
- remuneration that we and/or our staff and any associated receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. **Financial services we are licensed to provide**

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares, options and notes)

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

4. **General Financial Product Advice**

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

5. Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither SIS, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

6. Remuneration or other benefits received by our employees

SIS has no employees and Stantons International Audit and Consulting Pty Ltd charges a fee to SIS. All Stantons International Audit and Consulting Pty Ltd employees receive a salary. Stantons International Audit and Consulting Pty Ltd employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

7. Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

8. Associations and relationships

SIS is ultimately a wholly subsidiary of Stantons International Audit and Consulting Pty Ltd a professional advisory and accounting practice. Stantons International Audit and Consulting Pty Ltd trades as Stantons International that provides audit, corporate services, internal audit, probity, management consulting, accounting and IT audits.

From time to time, SIS and Stantons International Audit and Consulting Pty Ltd and/or their related entities may provide professional services, including audit, accounting and financial advisory services, to financial product issuers in the ordinary course of its business.

9. Complaints resolution

9.1 Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer
Stantons International Securities Pty Ltd
Level 2
1 Walker Avenue
WEST PERTH WA 6005

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaints within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

9.2 Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service Limited ("FOSL"). FOSL is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOSL are available at the FOSL website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited
PO Box 3
MELBOURNE VIC 8007

Toll Free: 1300 78 08 08
Facsimile: (03) 9613 6399

10. Contact details

You may contact us using the details set out above.

Telephone 08 9481 3188
Fax 08 9321 1204
Email jvdieren@stantons.com.au

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ACTINOGEN LIMITED

ACN 086 778 476

PROXY FORM

The Company Secretary
Actinogen Limited

By post	***By delivery:***	***By facsimile:***
PO Box 271 West Perth WA 6872	Level 2, 1 Walker Avenue West Perth WA 6005	08 9321 1204

Step 1 – Appoint a Proxy to Vote on Your Behalf

I/We [1] _____

of _____

being a Shareholder/Shareholders of the Company and entitled to _____ votes in the Company, hereby appoint:

The Chairman of the Meeting (mark box) ☐ **OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name and address of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Meeting of the Company to be held at Level 2, 1 Walker Avenue, West Perth, Western Australia on Wednesday 19 November 2014 at 10.30am (WST) and at any adjournment or postponement of the Meeting and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law as the proxy sees fit).

Proxy appointments will only be valid and accepted by the Company if they are made and received no later than 48 hours before the meeting.

Important – If the Chairman of the Meeting is your proxy or is appointed your proxy by default

The Chairman of the Meeting intends to vote all available proxies in favour of Resolutions 1 and 16 - 19. If the Chairman of the Meeting is your proxy or is appointed your proxy by default, unless you indicate otherwise by ticking either the 'for', 'against' or 'abstain' box in relation to Resolutions 1 and 16 - 19, you will be authorising the Chairman to vote in accordance with the Chairman's voting intentions on Resolutions 1 and 16 - 19 even if Resolutions 1 and 16 - 19 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Please read the voting instructions overleaf before marking any boxes with an ☒.

Step 2 - Instructions as to Voting on Resolutions

The proxy is to vote for or against the Resolutions referred to in the Notice as follows:

		For	**Against**	**Abstain**
Resolution 1	Adoption of Remuneration Report	☐	☐	☐
Resolution 2	Approval of 10% Placement Facility	☐	☐	☐
Resolution 3	Re-election of Director – Dr Anton Uvarov	☐	☐	☐
Resolution 4	Re-election of Director – Dr Brendan de Kauwe	☐	☐	☐
Resolution 5	Approval of Acquisition of Corticrine Limited	☐	☐	☐
Resolution 6	Approval of Acquisition of Corticrine Shares from the Common Shareholders	☐	☐	☐
Resolution 7	Ratification of Tranche 1 Placement	☐	☐	☐
Resolution 8	Authority to issue Tranche 2 Placement Shares	☐	☐	☐
Resolution 9	Authority for Dr Brendan de Kauwe to participate in the Director Placement	☐	☐	☐
Resolution 10	Authority for Dr Anton Uvarov to participate in the Director Placement	☐	☐	☐
Resolution 11	Authority for Dr Jason Loveridge to participate in the Director Placement	☐	☐	☐

Resolution 12	Authority for Mr Martin Rogers to participate in the Director Placement	☐	☐	☐
Resolution 13	Appointment of Dr Jason Loveridge as a Director	☐	☐	☐
Resolution 14	Appointment of Mr Martin Rogers as a Director	☐	☐	☐
Resolution 15	Authority to grant Facilitator Options	☐	☐	☐
Resolution 16	Approval of Employee Share Plan	☐	☐	☐
Resolution 17	Approval of issue of Loan Shares to Dr Jason Loveridge	☐	☐	☐
Resolution 18	Approval of issue of Loan Shares to Mr Martin Rogers	☐	☐	☐
Resolution 19	Approval of issue of Loan Shares to Mr Vincent Ruffles	☐	☐	☐

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

The Chairman of the Meeting intends to vote all available proxies in favour of each Resolution.

Authorised signature/s

This section ***must*** be signed in accordance with the instructions below to enable your voting instructions to be implemented.

Individual or Shareholder 1	Shareholder 2	Shareholder 3
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

_____	_____	_____
Contact Name	Contact Daytime Telephone	Date

[1]Insert name and address of Shareholder [2] Insert name and address of proxy *Omit if not applicable

Proxy Notes:

A Shareholder entitled to attend and vote at the Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at the Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding:	where the holding is in more than one name all of the holders should sign.
Power of Attorney:	if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.
Companies:	a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the address below no later than 48 hours prior to the time of commencement of the Meeting (WST).

Postal address: PO Box 271, West Perth WA 6872.

Delivery address: Level 2, 1 Walker Avenue, West Perth WA 6005.

Facsimile: 08 9321 1204 if faxed from within Australia or +61 8 932 1204 if faxed from outside Australia.