

16 October 2020

Dear Shareholder,

ANNUAL GENERAL MEETING – NOTICE AND PROXY FORM

Notice is hereby given that this year's Annual General Meeting ('Meeting') of Shareholders of Nanollose Limited ('Company') will be held at RSM, Level 32, Exchange Tower, 2 The Esplanade, Perth, Western Australia, 6000 and via webcast at 4:00pm (WST) on Friday, 20 November 2020.

In accordance with subsection 5(1)(f) of the Corporations (Coronavirus Economic Response) Determination (No.1) 2020, the Company will not be dispatching physical copies of the Notice of Meeting ('Notice'). Instead, a copy of the Notice is available at www.nanollose.com and the ASX Company's Announcement Platform at www2.asx.com.au (ASX:NC6).

If you have elected to receive notices by email, a copy of your personalised proxy form will be emailed to you. If you have not elected to receive notices by email, a copy of your personalised proxy form will be posted to you, together with this letter for your convenience.

The Board has made the decision that it will hold a physical Meeting with the appropriate social gathering and physical distancing measures in place at the time of the Meeting, with a webcast facility allowing shareholders to view and hear the Meeting. Shareholders who are unable to attend the Meeting will be able to participate by:

- (a) voting prior to the Meeting by lodging your proxy instructions by no later than 48 hours prior to the Meeting (by 4:00pm (WST) on 18 November 2020) either by:
 - voting online at <https://investor.automic.com.au/#!/loginsah>, or
 - lodging a proxy form by:
 - **post to:** Automic, GPO Box 5193, Sydney, NSW, 2001; or
 - **in person to:** Automic, Level 5, 126 Phillip Street, Sydney, NSW, 2000; or
 - **by email to:** meetings@automicgroup.com.au
- (b) lodging questions in advance of the Meeting by emailing the questions to Eryn Dale, Company Secretary at erlyn@azc.com.au, by no later than 14 November 2020.

Shareholders are also invited to pre-register for the webcast of the Meeting by copying the following link into their browser and following the prompts:

https://us02web.zoom.us/webinar/register/WN_o0ek1XAvRgCJDHf8ZCQajQ

Circumstances relating to COVID-19 are changing rapidly. The Company will update shareholders if changing circumstances will impact planning or the arrangements for the Meeting by way of announcement on ASX and the details will also be made available on our website at www.nanollose.com.

The Notice is important and should be read in its entirety. If you are in doubt as to the course of action you should follow, you should consult your financial adviser, lawyer, accountant or other professional adviser.

If you have any difficulties obtaining a copy of the Notice, or for any other relevant information please contact me on +61 8 9389 3180 or erlyn@azc.com.au.

This announcement is authorised for market release by Winton Willesee, Director.

Yours sincerely,



Erlyn Dale
Company Secretary
Nanollose Limited

NANOLLOSE LIMITED

ACN 601 676 377

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT

**For the Annual General Meeting of Shareholders
to be held on 20 November 2020 at 4:00pm (WST)
at RSM, Level 32, Exchange Tower, 2 The Esplanade, Perth, Western Australia**

This is an important document. Please read it carefully.

Shareholders are urged to vote by lodging the proxy form attached to this Notice.

Shareholders wishing to attend in person are advised that strict social distancing rules will apply. There will be no catering for the event.

TIME AND PLACE OF ANNUAL GENERAL MEETING AND HOW TO VOTE

Venue

The Annual General Meeting of Nanollose Limited will be held at:

**RSM
Level 32, Exchange Tower
2 The Esplanade
Perth, Western Australia, 6000**

**Commencing
at 4:00pm (WST)
on 20 November 2020**

How to Vote

You may vote by attending the Meeting in person, by proxy or authorised representative.

Voting in Person

To vote in person, attend the Meeting on the date and at the place set out above. The Meeting will commence at 4:00pm (WST). Given the current COVID-19 pandemic, Shareholders are urged to vote by proxy.

Voting by Proxy

To vote by proxy, please complete and sign the proxy form enclosed with this Notice as soon as possible and either deliver the proxy form by post, by facsimile or by email in accordance with the instructions on the proxy form. You may also submit your proxy form online in accordance with instructions on the proxy form.

Your proxy form must be received no later than 48 hours before the commencement of the Meeting.

Your proxy form is enclosed.

NANOLLOSE LIMITED
ACN 601 676 377

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Shareholders of Nanollose Limited will be held at RSM, Level 32, Exchange Tower, 2 The Esplanade, Perth, Western Australia on 20 November 2020 at 4:00pm (WST) for the purpose of transacting the following business.

The attached Explanatory Statement is provided to supply Shareholders with information to enable Shareholders to make an informed decision regarding the Resolutions set out in this Notice. The Explanatory Statement is to be read in conjunction with this Notice.

AGENDA

GENERAL BUSINESS

ACCOUNTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2020 together with the declaration of the Directors, the Directors' Report, the remuneration report and the auditor's report.

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report in the Annual Report of the Company for the financial year ended 30 June 2020."

Voting exclusion:

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

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

However, the voter may cast a vote on the Resolution as a proxy if the vote is not cast on behalf of a person described in paragraphs (a) or (b) and either:

- (c) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (d) the voter is the chair of the meeting and the appointment of the chair as proxy:
 - (i) does not specify the way the proxy is to vote on the Resolution; and
 - (ii) expressly authorises the chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the company.

RESOLUTION 2 – RE-ELECTION OF DIRECTOR – DR WAYNE BEST

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

"That Dr Wayne Best, who retires by rotation in accordance with rule 7.3 of the Constitution of the Company, and being eligible, offers himself for re-election, is hereby re-elected as a director of the Company."

RESOLUTION 3 – RATIFICATION OF ADVISER SECURITIES

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

"That the issue of 750,000 Shares and 1,000,000 Options to Alto Capital under Listing Rule 7.1 is approved under and for the purposes of Listing Rule 7.4 and for all other purposes, on the terms set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Alto Capital, a person who participated in the issue or an associate of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

RESOLUTION 4 – RATIFICATION OF PLACEMENT OF SHARES

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

"That the issue of 12,000,000 Shares to institutional investors on or about 6 October 2020 as a placement under Listing Rule 7.1 is approved under and for the purposes of Listing Rule 7.4 and for all other purposes, on the terms set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or an associate of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from

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| (ii) | voting, on the Resolution; and
the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way. |
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RESOLUTION 5 – APPROVAL TO ISSUE OPTIONS TO CORPORATE ADVISER

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

"That the issue up to 2,400,000 Options to PAC Partners Securities Pty Ltd or its nominees is approved under and for the purposes of Listing Rule 7.1 and for all other purposes, on the terms set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of PAC Partners Securities Pty Ltd or its nominees or a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

RESOLUTION 6 – APPROVAL OF ADDITIONAL 10% CAPACITY

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

"That, the Company have the additional capacity to issue equity securities provided for in Listing Rule 7.1A."

RESOLUTION 7 – ADOPTION OF NEW CONSTITUTION

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

"That, the New Constitution (which includes proportional takeover provisions), in the form of the proposed constitution initialled by the Chairman of the Meeting for the purposes of identification, be approved and adopted, in accordance with section 136(2) of the Corporations Act and for all other purposes, as the Company's constitution in substitution for the Existing Constitution of the Company from the date of this Meeting."

RESOLUTION 8 – APPROVAL TO ISSUE SHARES TO DR WAYNE BEST UNDER DIRECTOR AND EMPLOYEE FEE PLAN

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

"That the issue of Shares to Dr Wayne Best or his nominees in accordance with a VWAP formula under the Director and Employee Fee Plan is approved under and for the purposes of Listing Rule 10.14 and for all other purposes, on the terms set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Director and Employee Fee Plan or an associate of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Restriction on proxy voting by key management personnel or closely related parties:

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

- (a) the proxy is either:
 - (i) a member of the key management personnel for 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 this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the chair of the Meeting; and
- (d) the appointment expressly authorises the chair of the Meeting to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company.

Where the chair is the related party the subject of the Resolution or is an associate of the related party, the chair cannot cast undirected proxies in respect of the Resolution.

RESOLUTION 9 – APPROVAL TO ISSUE SHARES TO ALFIE GERMANO UNDER DIRECTOR AND EMPLOYEE FEE PLAN

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

"That the issue of Shares to Alfie Germano or his nominees in accordance with a VWAP formula under the Director and Employee Fee Plan is approved under and for the purposes of Listing Rule 10.14 and for all other purposes, on the terms set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Director and Employee Fee Plan or an associate of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Restriction on proxy voting by key management personnel or closely related parties:

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

- (a) the proxy is either:
 - (i) a member of the key management personnel for 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 this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the chair of the Meeting; and
- (d) the appointment expressly authorises the chair of the Meeting to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company.

Where the chair is the related party the subject of the Resolution or is an associate of the related party, the chair cannot cast undirected proxies in respect of the Resolution.

RESOLUTION 10 – APPROVAL TO ISSUE SHARES TO WINTON WILLESEE UNDER DIRECTOR AND EMPLOYEE FEE PLAN

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

"That the issue of Shares to Winton Willesee or his nominees in accordance with a VWAP formula under the Director and Employee Fee Plan is approved under and for the purposes of Listing Rule 10.14 and for all other purposes, on the terms set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Director and Employee Fee Plan or an associate of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf

of a beneficiary provided the following conditions are met:

- (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
- (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Restriction on proxy voting by key management personnel or closely related parties:

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

- (a) the proxy is either:
 - (i) a member of the key management personnel for 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 this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the chair of the Meeting; and
- (d) the appointment expressly authorises the chair of the Meeting to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company.

Where the chair is the related party the subject of the Resolution or is an associate of the related party, the chair cannot cast undirected proxies in respect of the Resolution.

RESOLUTION 11 – APPROVAL TO ISSUE SHARES TO TERENCE WALSH UNDER DIRECTOR AND EMPLOYEE FEE PLAN

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

"That the issue of Shares to Terence Walsh or his nominees in accordance with a VWAP formula under the Director and Employee Fee Plan is approved under and for the purposes of Listing Rule 10.14 and for all other purposes, on the terms set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Director and Employee Fee Plan or an associate of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Restriction on proxy voting by key management personnel or closely related parties:

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

- (a) the proxy is either:
 - (i) a member of the key management personnel for 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 this Resolution. However, the above prohibition does not apply if:
- (c) the proxy is the chair of the Meeting; and
- (d) the appointment expressly authorises the chair of the Meeting to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company.

Where the chair is the related party the subject of the Resolution or is an associate of the related party, the chair cannot cast undirected proxies in respect of the Resolution.

RESOLUTION 12 – APPROVAL TO ISSUE SHARES TO HEIDI BEATTY UNDER DIRECTOR AND EMPLOYEE FEE PLAN

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

"That the issue of Shares to Heidi Beatty or her nominees in accordance with a VWAP formula under the Director and Employee Fee Plan is approved under and for the purposes of Listing Rule 10.14 and for all other purposes, on the terms set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Director and Employee Fee Plan or an associate of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Restriction on proxy voting by key management personnel or closely related parties:

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

- (a) the proxy is either:
 - (i) a member of the key management personnel for 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 this Resolution. However, the above prohibition does not apply if:
- (c) the proxy is the chair of the Meeting; and
- (d) the appointment expressly authorises the chair of the Meeting to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company.

Where the chair is the related party the subject of the Resolution or is an associate of the related party, the chair cannot cast undirected proxies in respect of the Resolution.

RESOLUTION 13 – APPROVAL TO ISSUE PERFORMANCE RIGHTS TO DR WAYNE BEST

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

"That the issue up to 2,000,000 Class D Performance Rights to Dr Wayne Best or his nominees is approved under and for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.11 and for all other purposes, on the terms set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Dr Wayne Best and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Restriction on proxy voting by key management personnel or closely related parties:

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

- (a) the proxy is either:
 - (i) a member of the key management personnel for 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 this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the chair of the Meeting; and
- (d) the appointment expressly authorises the chair of the Meeting to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company.

Where the chair is the related party the subject of the Resolution or is an associate of the related party, the chair cannot cast undirected proxies in respect of the Resolution.

RESOLUTION 14 – APPROVAL TO ISSUE PERFORMANCE RIGHTS TO ALFIE GERMANO

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

"That the issue up to 2,000,000 Performance Rights to Alfie Germano or his nominees is approved under and for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.11 and for all other purposes, on the terms set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Alfie Germano and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Restriction on proxy voting by key management personnel or closely related parties:

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

- (e) the proxy is either:
 - (i) a member of the key management personnel for the Company; or
 - (ii) a closely related party of such a member; and
- (f) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (g) the proxy is the chair of the Meeting; and
- (h) the appointment expressly authorises the chair of the Meeting to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company.

Where the chair is the related party the subject of the Resolution or is an associate of the related party, the chair cannot cast undirected proxies in respect of the Resolution.

RESOLUTION 15 – APPROVAL TO ISSUE OPTIONS TO HEIDI BEATTY

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

"That the issue up to 500,000 Options to Heidi Beatty or her nominees is approved under and for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.11 and for all other purposes, on the terms set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Heidi Beatty and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf

of a beneficiary provided the following conditions are met:

- (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
- (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Restriction on proxy voting by key management personnel or closely related parties:

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

- (a) the proxy is either:
 - (i) a member of the key management personnel for 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 this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the chair of the Meeting; and
- (d) the appointment expressly authorises the chair of the Meeting to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company.

Where the chair is the related party the subject of the Resolution or is an associate of the related party, the chair cannot cast undirected proxies in respect of the Resolution.

VOTING AND PROXIES

1. A Shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a Shareholder of the Company.
2. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by the person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the chair of 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.
3. The chair of the Meeting will vote undirected proxies on, and in favour of, all of the proposed resolutions, including Resolutions 1 and 8 to 15. The proxy form expressly authorises the chair of the Meeting to exercise the proxy in relation to Resolutions 1 and 8 to 15 even though these Resolutions are connected directly or indirectly with the remuneration of a member of key management personnel. Any undirected proxies held by a Director, any member of the key management personnel or any of their closely related parties (who are not the chair) will not be voted on Resolutions 1 and 8 to 15.
4. Key management personnel of the Company are the Directors and those other persons having authority and responsibility for planning, directing and controlling of the activities of the Company, directly or indirectly. Closely related parties are defined in the Corporations Act, and include certain family members, dependants and companies controlled by key management personnel.
5. In accordance with Regulation 7.11.37 of the Corporations Act, the Directors have set a date to determine the identity of those entitled to attend and vote at the Meeting. The date is 18 November 2020 at 4.00pm (WST).
6. A proxy form is attached. If required it should be completed, signed and returned to the Company's registered office in accordance with the instructions on that form. Voting online is available.

By order of the Board



Winton Willesee
Director

Dated: 5 October 2020

NANOLLOSE LIMITED
ACN 601 676 377

EXPLANATORY STATEMENT

This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the Notice.

The Directors recommend that Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

1. FINANCIAL STATEMENTS AND REPORTS

The business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2020 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

The Company is not required to provide a hard copy of the Company's annual financial report to Shareholders unless a Shareholder has specifically elected to receive a printed copy.

Whilst the Company will not provide a hard copy of the Company's annual financial report unless specifically requested to do so, Shareholders may view the Company annual financial report on its website at www.nanollose.com.

Shareholders will be offered the following opportunities:

- (a) discuss the Annual Financial Report for the financial period ended 30 June 2020;
- (b) ask questions and make comment on the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit, preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

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

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2020.

A reasonable opportunity will be provided for questions about or comments on the Remuneration Report at the Annual General Meeting.

2.2 Voting Consequences

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a "Spill Resolution") that another general meeting be held within 90 days at which all of the Directors (other than the Managing Director) must go up for re-election.

2.3 Previous voting results

At the Company's previous annual general meeting, the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Meeting.

2.4 Proxy restrictions

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on this Resolution (Remuneration Report) by marking either "For", "Against" or "Abstain" on the Proxy Form for this Resolution.

If you appoint a member of the key management personnel whose remuneration details are included in the Remuneration Report (who is not the Chairman) or a closely related party of that member as your proxy, and you do not direct that person on how to vote on this Resolution, the proxy cannot exercise your vote and your vote will not be counted in relation to this Resolution.

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

Key management personnel of the Company are the Directors and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's key management personnel for the financial year to 30 June 2020. Their closely related parties are defined in the Corporations Act, and include certain of their family members, dependants and companies they control.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – DR WAYNE BEST

Rule 7.3 of the Constitution requires that at each annual general meeting, one-third of directors for the time being (rounded down to the nearest whole number) shall retire from office. Additionally, Listing Rule 14.4 provides that a Director must retire from office no later than the longer of the third annual general meeting of the Company or 3 years following that Director's last election or appointment. The retirement rules do not apply to the managing director.

Dr Wayne Best was last re-elected as a Director at the 2017 annual general meeting. Dr Best retires by rotation in accordance with the Constitution, and being eligible, offers himself for re-election as a Director.

Dr Best is the Executive Chairman of the Company. Details of the qualifications and experience of Dr Best is set out in the Company's 2020 Annual Report.

The Board of the Company recommends the re-election of Dr Best as a Director.

4. RESOLUTION 3 – RATIFICATION OF ADVISER SECURITIES

4.1 Background

On 21 May 2020 ("**Issue Date**") the Company issued 750,000 Shares and 1,000,000 Options to Alto Capital for services in relation to a corporate adviser mandate agreement ("**Issue**") using part of its Listing Rule 7.1 capacity.

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

The Issue does not fit within any of these exceptions and, as it has not yet been approved by the Company's Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 and Listing Rule 7.1A for the 12 month period following the Issue Date.

Information on Listing Rule 7.1A is set out in Section 7.1 below.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain Shareholder approval for such issues under Listing Rules 7.1 and 7.1A.

To this end, this Resolution seeks Shareholder approval to the Issue under and for the purposes of Listing Rule 7.4.

If this Resolution is passed, the Issue will be excluded in calculating the Company's 15% limit in Listing Rule 7.1 and the additional 10% capacity in Listing Rule 7.1A, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the Issue Date.

If this Resolution is not passed, the Issue will be included in calculating the Company's 15% limit in Listing Rule 7.1 and the additional 10% capacity in Listing Rule 7.1A, effectively decreasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the Issue Date.

4.2 Listing Rule 7.5

For Shareholders to approve the Issue for the purposes of Listing Rule 7.4, the following information is provided to Shareholders in accordance with Listing Rule 7.5:

- (a) The Shares and Options were issued to Alto Capital, which is not a related party of the Company.
- (b) The number of securities issued was 750,000 Shares and 1,000,000 Options.
- (c) The Shares are fully paid ordinary shares in the Company and rank equally with the Company's current issued shares. The Options have an exercise price of 10 cents and an expiry date of 31 May 2023. The full terms of the Options are set out in Schedule 1.
- (d) The Shares and Options were issued on 21 May 2020.

- (e) The Shares and Options were issued for nil cash consideration being in consideration of corporate adviser services.
- (f) The purpose of the issue of the Shares and Options was it represents consideration for corporate adviser services provided by Alto Capital including acting as lead manager to the rights issue of the Company announced on 3 April 2020.
- (g) The Shares and Options were issued under a corporate adviser mandate agreement, the material terms included providing lead manager services in respect of the rights issue announced on 3 April 2020 and corporate adviser services for 6 months.

5. RESOLUTION 4 – RATIFICATION OF PLACEMENT OF SHARES

5.1 Background

On or about 6 October 2020 ("**Issue Date**") the Company issued 12,000,000 Shares under a placement to which PAC Partners Securities Pty Ltd acted as lead manager ("**Issue**").

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

The Issue does not fit within any of these exceptions and, as it has not yet been approved by the Company's Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 and Listing Rule 7.1A for the 12 month period following the Issue Date.

Information on Listing Rule 7.1A is set out in Section 7.1 below.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain Shareholder approval for such issues under Listing Rules 7.1 and 7.1A.

To this end, this Resolution seeks Shareholder approval to the Issue under and for the purposes of Listing Rule 7.4.

If this Resolution is passed, the Issue will be excluded in calculating the Company's 15% limit in Listing Rule 7.1 and the additional 10% capacity in Listing Rule 7.1A, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the Issue Date.

If this Resolution is not passed, the Issue will be included in calculating the Company's 15% limit in Listing Rule 7.1 and the additional 10% capacity in Listing Rule 7.1A, effectively decreasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the Issue Date.

5.2 Listing Rule 7.5

For Shareholders to approve the Issue under and for the purposes of Listing Rule 7.4, the following information is provided to Shareholders in accordance with Listing Rule 7.5:

- (a) The securities were issued to institutional investors (including sophisticated and professional investors) exempt from or outside the disclosure requirements under Chapter 6D of the Corporations Act. PAC Partners Securities Pty Ltd acted as lead manager to the placement. None of the subscribers is a related party of the Company.
- (b) The number of securities issued was 12,000,000 Shares.
- (c) The Shares are fully paid ordinary shares in the Company and rank equally with the Company's current issued shares.
- (d) The Shares were issued on or about 6 October 2020.
- (e) The Shares were issued at 5.5 cents each.
- (f) The funds raised from the issue of the Shares will be used for the acquisition of the Company's interest in CelluAir and for general working capital.
- (g) The securities were issued under a corporate adviser mandate agreement, the material term of which is PAC Partners Securities Pty Ltd provides lead manager services in respect of the placement the subject of this Resolution.

6. RESOLUTION 5 – APPROVAL TO ISSUE OPTIONS TO CORPORATE ADVISER

6.1 Background

This Resolution is seeking approval to the issue of up to 2,400,000 Options to PAC Partners Securities Pty Ltd or its nominees as a fee for acting as lead manager to the placement the subject of Resolution 4 ("**Issue**").

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

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

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

If this Resolution is passed, the Company will be able to proceed with the Issue. In addition, the issue will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If this Resolution is not passed, the Company will not be able to proceed with the Issue.

6.2 Listing Rule 7.3

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

- (a) The Options will be issued to PAC Partners Securities Pty Ltd or its nominees. None of these parties will be a related party of the Company.
- (b) The number of securities to issue is up to 2,400,000 Options.
- (c) The Options will have an exercise price of 10 cents and an expiry date of 30 November

2021. The full terms of the Options are set out in Schedule 2.

- (d) The Options will be issued no later than 3 months after the date of the Meeting (or a later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (e) The Options will be issued for nil cash consideration being in consideration of lead manager services for the placement the subject of Resolution 4.
- (f) The purposes of the issue of the Options is it represents consideration for lead manager services for the placement the subject of Resolution 4.
- (g) The Options are to be issued under a corporate adviser mandate agreement, the material terms of which is PAC Partners Securities Pty Ltd provides lead manager services in respect of the placement the subject of Resolution 4.

7. RESOLUTION 6 – APPROVAL OF ADDITIONAL 10% CAPACITY

7.1 Background

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

Under Listing Rule 7.1A, however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.

An "*eligible entity*" means an entity which is not included in the S&P/ASX 300 Index and which has a market capitalisation of \$300 million or less. The Company is an eligible entity for these purposes.

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

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

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

7.2 Specific information required by Listing Rule 7.3A

(i) Period for which approval is valid

An approval under Listing Rule 7.1A commences on the date of the annual general meeting at which the approval is obtained and expires on the first to occur of the following:

- (a) The date that is 12 months after the date of the annual general meeting at which the approval is obtained.
- (b) The time and date of the Company's next annual general meeting.
- (c) The time and date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 or Listing Rule 11.2.

(ii) Minimum price at which Equity Securities may be issued

Any Equity Securities issued under Listing Rule 7.1A must be in an existing quoted class of the eligible entity's Equity Securities and issued for a cash consideration per security which is not less than 75% of the volume weighted average market price for securities in that class, calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (a) the date on which the price at which the securities are to be issued is agreed by the entity and the recipient of the securities; or
- (b) if the securities are not issued within 10 Trading Days of the date in paragraph (a), the date on which the securities are issued.

(iii) Purposes for which funds raised may be used

Equity Securities can only be issued under Listing Rule 7.1A for a cash consideration. Funds raised by the issue of Equity Securities under Listing Rule 7.1A may be used for the continued development of the Company's current assets, the acquisition of new assets or other investments (including expenses associated with such acquisition), and for general working capital.

(iv) Risk of economic and voting dilution

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

There is a risk that:

- (a) the market price for the Equity Securities in that class may be significantly lower on the issue date than on the date of the Shareholder approval under Listing Rule 7.1A; and
- (b) the Equity Securities may be issued at a price that is at a discount to the market price for those Equity Securities on the issue date.

The table below shows the potential dilution of existing Shareholders on the basis of 3 different assumed issue prices and values for variable "A" in the formula in Listing Rule 7.1A.2. This includes one example that assumes that "A" is double the number of Shares on issue at the time of the approval under Listing Rule 7.1A and that the price of Shares has fallen by 50%.

Number of Shares on Issue (Variable "A" in Listing Rule 7.1A.2)	Number of Shares issued under additional 10% capacity	Dilution		
		Funds raised based on issue price of 3.4 cents	Funds raised based on issue price of 6.8 cents	Funds raised based on issue price of 13.6 cents
		(50% decrease in current issue price)	(Current issue price)	(100% increase in current issue price)
117,749,991 (Current)*	11,774,999	\$400,350	\$800,700	\$1,601,400
176,624,986 (50% increase)	17,662,499	\$600,525	\$1,201,050	\$2,402,100
235,499,982 (100% increase)	23,549,998	\$800,700	\$1,601,400	\$3,202,800

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

The table has been prepared on the following assumptions:

1. The current Shares on issue are the Shares on issue as at 24 September 2020.
2. The issue price set out above is the closing price of the Shares on the ASX on 24 September 2020.
3. The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
4. No Options are exercised into Shares before the date of the issue of the Equity Securities.

(v) Allocation Policy

The Company's allocation policy for the issue of Equity Securities under the additional 10% capacity will depend on the prevailing market conditions at the time of any proposed issue. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (a) the methods of raising funds that are available to the Company, including but not limited to, a rights issue or other issue in which existing security holders can participate;
- (b) the effect of the issue of the Equity Securities on the control of the Company;
- (c) the financial situation and solvency of the Company; and
- (d) advice from corporate, financial and broking advisers (if applicable).

The allottees under the additional 10% capacity 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 and may include new investors who have not previously been Shareholders.

(vi) Equity Securities issued under Listing Rule 7.1A.2 in the previous 12 months

The Company has not issued or agreed to issue any Equity Securities under Listing Rule 7.1A.2 in the 12 months preceding this Meeting.

(vii) Voting Exclusion Statement

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.

8. RESOLUTION 7 – ADOPTION OF NEW CONSTITUTION

8.1 Background

This Resolution is a special resolution proposing to replace the Existing Constitution in its entirety.

Section 136 of the Corporations Act allows a company to adopt a new constitution by a special resolution passed at a general meeting of the company. A special resolution must be passed by at least 75% of the votes cast by Shareholders who are entitled to vote on the Resolution.

8.2 Reasons for the Resolution

The Existing Constitution was adopted by the Company on 29 October 2018.

Since this time there have been amendments to the Corporations Act, the Listing Rules and other applicable laws and rules which impact on the Company and for which provision has not been made in the Existing Constitution. Additionally, the ASX amended Listing Rule 15.12 (restricted securities) from 1 December 2019. The New Constitution includes the terms of new Listing Rule 15.12. Thereby, the Company intends to seek to adopt the New Constitution to both update for best practice reasons (best practice) and to include the terms of the new Listing Rule 15.12 (ASX modified escrow regime). Each of these reasons are expanded upon below.

Best Practice

The Company has conducted a review of the Existing Constitution with a view to making it consistent with current law and best market practice. It is proposed that the New Constitution be adopted rather than amending the Existing Constitution.

The New Constitution reflects a public company constitution and is drafted in a modern, clear style. It is further appropriate for a company listed on ASX.

The New Constitution updates the definitions used to reflect the current terminology and where possible relies upon terms defined in the Corporations Act, the Listing Rules and ASX Settlement Operating Rules.

The New Constitution further includes provisions on proportional takeover bids. Separate information on the proportional takeover provisions and approval in this regard is set out below.

Shareholders are invited to contact the Company if they have any queries or concerns in respect of adopting the New Constitution. For this purpose, a copy of the New Constitution is available for review by Shareholders at the office of the Company or, upon request, can be sent to Shareholders. Adoption of the New Constitution will provide consistency between the Company's constitution and the Listing Rules and the Corporations Act.

ASX modified escrow regime

In accordance with ASX's Public Consultation Paper of 28 November 2018 titled "*Simplifying, clarifying and enhancing the integrity and efficiency of the ASX Listing Rules*", the ASX proposed a number of changes to the Listing Rules.

One efficiency measure the ASX proposed was to amend the Listing Rules to give effect to a modified escrow regime to make aspects of the listing process and ongoing compliance with the Listing Rules more efficient.

ASX's modified escrow regime came into effect from 1 December 2019. A two-tiered escrow regime was introduced.

The first tier of escrow involves ASX requiring certain more significant holders of restricted securities and their controllers to execute a formal escrow agreement in the form of an ASX compliant restriction agreement (Appendix 9A). The expectation is a restriction agreement requirement will be imposed on related parties, promoters, substantial holders, service providers and their associates.

However, for less significant holders, a second tier applies where ASX will instead allow listed entities to rely on a provision in their constitution imposing appropriate escrow restrictions on the holder of restricted securities and to provide a notice to the holder of restricted securities in the form of a new Appendix 9C advising them of those restrictions. Securities in a class of quoted securities will be made the subject of a holding lock for the duration of the escrow period.

This two-tier escrow regime replaced the previous requirement where all holders of restricted securities were required to enter into a formal escrow agreement.

Listing Rule 15.12 from 1 December 2019 requires the constitution of listed entities to reflect the modified escrow regime. This includes the constitution expressly providing for securities to be the subject of a holding lock where they are in a class of quoted securities and further providing that the holder of restricted securities will not be entitled to participate in any return of capital during the escrow period.

Rule 2.11 of the New Constitution reflects the new Listing Rule 15.12 and is in the following terms:

"2.11 Restricted Securities

(a) The Company must comply with the Listing Rules in respect of Restricted Securities.

(b) Notwithstanding the generality of Rule 2.11(a):

- (i) a holder of Restricted Securities must not dispose of, or agree or offer to dispose of, the securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX;*
- (ii) if the securities are in the same class as quoted securities, the holder will be taken to have agreed in writing that the Restricted Securities are to be kept on the Company's issuer sponsored subregister and are to have a Holding Lock applied for the duration of the escrow period applicable to those securities;*
- (iii) the Company will refuse to acknowledge any disposal (including, without limitation, to register any transfer) of Restricted Securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX;*
- (iv) a holder of Restricted Securities will not be entitled to participate in any return of capital on those securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX; and*
- (v) if a holder of Restricted Securities breaches a restriction deed or a provision of this Constitution restricting a disposal of those securities, the holder will not be entitled to any dividend or distribution, or to exercise any voting rights, in respect of those securities for so long as the breach continues."*

Rule 2.11 of the New Constitution provides the constitutional underpinning for ASX's modified escrow regime.

The changes to Listing Rule 15.12 (which are reflected in the above new rule) took effect from 1 December 2019 and apply to restricted securities after this date. Any restricted securities issued before 1 December 2019 must continue to comply with the provisions of Listing Rule 15.12 in force immediately prior to this date.

8.3 Adoption of proportional takeover provisions

A proportional takeover bid is where the bidder offers to buy a proportion only of each shareholder's shares in the Company. This means that control of the Company may pass without members having the chance to sell all their shares to the bidder.

The law regarding takeovers allows companies to amend their constitutions to prohibit the registration of a transfer of shares resulting from an offer made under a proportional takeover bid, unless shareholders in a general meeting approve the bid.

The New Constitution (as with the Existing Constitution) contains proportional takeover provisions.

Section 648G of the Corporations Act requires certain information to be included in the notice of meeting where the approval of members is sought to adopt proportional takeover provisions. The Company is seeking member approval to adopt proportional takeover provisions for the statutory period of 3 years after the date of approval. Information in relation to this approval is set out below.

Effect of the proposed provisions

The effect of the proposed provisions is that where offers have been made under an off market bid in respect of shares included in a class of shares in the Company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under the off market bid is prohibited unless and until a resolution to approve an off market bid is passed by Shareholders.

If a proportional takeover bid is made, the Directors must ensure that Shareholders vote on a resolution to approve the bid more than 14 days before the bid period closes.

The vote is decided on a simple majority. Each person who, as at the end of the day on which the first offer under the bid was made, held bid class securities is entitled to vote, but the bidder and its associates are not allowed to vote. If the resolution is not passed, transfers which would have resulted from the acceptance of a bid will not be registered and the bid will be taken to have been withdrawn. If the bid is approved (or taken to have been approved), the transfers must be registered if they comply with the Corporations Act and the Company's New Constitution.

The proportional takeover approval provisions do not apply to full takeover bids and only apply for 3 years after the date of approval (for this Resolution, being 3 years from the date of this Meeting). The provisions may be renewed, but only by further Shareholder resolution.

Reasons for proportional takeover provisions

The Directors consider that proportional takeover approval provisions should be included in the New Constitution. Without the inclusion of such a provision, a proportional takeover bid for the Company may enable effective control of the Company to be acquired without Shareholders having the opportunity to dispose of all of their Shares to the bidder. Accordingly, Shareholders could be at risk of passing control to the bidder without payment of an adequate control premium for all their Shares whilst leaving themselves as part of a minority interest in the Company.

The proposed provisions deal with this possibility by providing that if a proportional takeover bid is made for Shares in the Company, Shareholders must vote on whether or not a proportional takeover bid should be permitted to proceed.

The benefit of the provision is that Shareholders are able to decide collectively whether the proportional offer is acceptable in principle and it may ensure that any partial offer is appropriately priced.

No knowledge of any acquisition proposals

As at the date on this Notice the Directors are not aware of any proposal by a person to acquire, or to increase the extent of, a substantial interest in the Company.

Potential advantages and disadvantages

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages for Shareholders include the following:

- (a) Shareholders have the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) they may assist Shareholders from being locked in as a minority;
- (c) they increase the bargaining power of Shareholders and may assist in ensuring that any proportional takeover bid is adequately priced; and
- (d) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders and assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages for Shareholders including the following:

- (a) proportional takeover bids for Shares in the Company may be discouraged;
- (b) Shareholders may lose an opportunity to sell some of their Shares at a premium; and
- (c) the likelihood of a proportional takeover bid succeeding may be reduced.

The Board of Directors considers that the potential advantages for Shareholders of adopting the proportional takeover approval provisions outweigh the potential disadvantages of not adopting the provisions.

8.4 Board recommendation

The Directors consider that the proposed proportional takeover provisions are in the interests of Shareholders and unanimously recommend that Shareholders vote in favour of this Resolution.

9. RESOLUTIONS 8 TO 12 – APPROVAL TO ISSUE SHARES TO DIRECTORS UNDER DIRECTORS AND EMPLOYEES FEE PLAN

9.1 General

As announced on 30 April 2020, the Company implemented a revised remuneration structure to reduce Director's remuneration in response to instability in global financial markets and uncertainty associated with the COVID-19 pandemic. Subject to Shareholder approval, the

proposal was for the Directors to forego a cash component of their base salaries or remuneration from 1 May 2020 until 30 June 2021 and be issued with Shares for such foregone cash payments at a VWAP. The Directors propose to expand this scheme so it continues for 30 months until 31 October 2022 as well as allowing Directors to elect to take all or part of their reduced cash base remuneration in Shares at a VWAP. This is subject to a limitation upon Executive Directors.

The Board has adopted a Director and Employee Fee Incentive Plan (Fee Plan) to enable the Company to issue Shares to eligible participants in lieu of foregone or accrued cash remuneration. The Fee Plan is summarised in Schedule 3 and enables the Directors to be issued Shares the subject of Resolutions 8 to 12.

The Plan commences on 1 May 2020 and continues for 30 months until 31 October 2022. There are 2 cash components of Directors' remuneration that may be the subject of Shares to be issued being:

- (a) foregone cash remuneration; and
- (b) accrued cash remuneration on the remaining cash base that a Director may elect to be satisfied by the issue of Shares.

The Shares to be issued are all in accordance with a formula, being the VWAP of Shares in respect of a calendar quarter with the first calendar quarter applicable being the July 2020 quarter (the 3 months of May, June and July 2020), followed by the October 2020 quarter, the January 2021 quarter and the April 2021 quarter. There will be 10 calendar quarters over the 30 month duration of the scheme.

The VWAP applied to Shares under the Plan for the first 2 calendar quarters being the July 2020 quarter and the October 2020 quarter, is the monthly VWAP within these quarters. The VWAP applied to Shares under the Plan for the final 8 calendar quarters is the VWAP for the final 10 Trading Days in the quarter on which Shares trade.

The maximum number of Shares to be issued under the Fee Plan cannot yet be determined by reason of the formula including a future VWAP of Shares and depending in part upon the percentage of accrued cash remuneration each Director elects to be satisfied by the issue of Shares. Examples are set out in the tables below in respect of each of foregone cash remuneration and accrued cash remuneration that a Director may elect to be satisfied by the issue of Shares.

The Board consists of Dr Wayne Best (Executive Chairman), Alfie Germano (Managing Director), Winton Willesee (Non-Executive Director), Terence Walsh (Non-Executive Director) and Heidi Beatty (Non-Executive Director).

The remuneration of Dr Wayne Best is \$225,000 per year plus statutory superannuation of which \$165,000 is a cash component and approximately \$60,000 of value in equity securities is intended to be issued per year, subject to Shareholder approval (see Resolution 13). Of the \$165,000 cash component, Dr Best has agreed to forego \$15,000 per year in cash for the 30 month period from 1 May 2020 (a total of \$37,500) in consideration of the issue of VWAP Shares.

The remuneration of Alfie Germano is \$225,000 per year plus statutory superannuation of which \$165,000 is a cash component and approximately \$60,000 of value in equity securities is intended to be issued per year, subject to Shareholder approval (see Resolution 14). Of the \$165,000 cash component, Mr Germano has agreed to forego \$15,000 per year in cash for the 30 month period from 1 May 2020 (a total of \$37,500) in consideration of the issue of VWAP Shares.

The remuneration of each of Winton Willesee, Terence Walsh and Heidi Beatty as Non-Executive Directors is \$35,000 per year. Each has agreed to forego \$7,000 per year in cash for the 30

month period from 1 May 2020 (a total of \$17,500 for each) in consideration of the issue of VWAP Shares.

Foregone Cash Remuneration

Set out below is a table indicating the number of Shares that could be issued over the 30 month period of the Fee Plan in respect of the foregone cash remuneration assuming a VWAP of Shares to be applied of each of 2.5 cents, 5 cents and 10 cents at each relevant calendar quarter.

Director	Total Foregone cash remuneration for 30 month period	Number of Shares assuming the VWAP applied for each Calendar Quarter is 2.5 cents	Number of Shares assuming the VWAP applied for each Calendar Quarter is 5 cents	Number of Shares assuming the VWAP applied for each Calendar Quarter is 10 cents
Dr Wayne Best (Resolution 8)	\$37,500 (\$3,750 each calendar quarter)	1,500,000	750,000	375,000
Alfie Germano (Resolution 9)	\$37,500 (\$3,750 each calendar quarter)	1,500,000	750,000	375,000
Winton Willesee (Resolution 10)	\$17,500 (\$1,750 each calendar quarter)	700,000	350,000	175,000
Terence Walsh (Resolution 11)	\$17,500 (\$1,750 each calendar quarter)	700,000	350,000	175,000
Heidi Beatty (Resolution 12)	\$17,500 (\$1,750 each calendar quarter)	700,000	350,000	175,000

The actual number of Shares to be issued will be dependent on the VWAP for Shares in each of the 10 calendar quarters during the scheme.

Accrued Cash Remuneration

Directors may elect for each of the 10 calendar quarters over the 30 month duration of the Fee Plan to take some or all of their accrued cash remuneration on their remaining cash base as Shares based on the VWAP of Shares to be applied in respect of a calendar quarter. This is subject to Dr Wayne Best and Alfie Germano as the Executive Directors only being able to elect to take up to 40% of their accrued cash remuneration in Shares in each calendar quarter.

Set out below is a table indicating the number of Shares that could be issued in respect of accrued cash remuneration assuming 2 different elections by the Director (including the election to receive their respective maximum number of Shares being 40% for Executive Directors and 100% for Non-Executive Directors) and a VWAP of Shares to be applied of each of 2.5 cents, 5 cents and 10 cents at each relevant calendar quarter.

Director	Total accrued cash remuneration on the remaining cash base for 30 month period	Assumed percentage election for VWAP Shares each calendar quarter	Number of Shares assuming the VWAP applied for each calendar quarter is 2.5 cents	Number of Shares assuming the VWAP applied for each calendar quarter is 5 cents	Number of Shares assuming the VWAP applied for each calendar quarter is 10 cents
Dr Wayne Best (Resolution 8)	\$375,000	(a) 20% (b) 40% (maximum)	(a) 3,000,000 (b) 6,000,000	(a) 1,500,000 (b) 3,000,000	(a) 750,000 (b) 1,500,000
Alfie Germano (Resolution 9)	\$375,000	(a) 20% (b) 40% (maximum)	(a) 3,000,000 (b) 6,000,000	(a) 1,500,000 (b) 3,000,000	(a) 750,000 (b) 1,500,000
Winton Willesee (Resolution 10)	\$70,000	(a) 50% (b) 100% (maximum)	(a) 1,400,000 (b) 2,800,000	(a) 700,000 (b) 1,400,000	(a) 350,000 (b) 700,000
Terence Walsh (Resolution 11)	\$70,000	(a) 50% (b) 100% (maximum)	(a) 1,400,000 (b) 2,800,000	(a) 700,000 (b) 1,400,000	(a) 350,000 (b) 700,000
Heidi Beatty (Resolution 12)	\$70,000	(a) 50% (b) 100% (maximum)	(a) 1,400,000 (b) 2,800,000	(a) 700,000 (b) 1,400,000	(a) 350,000 (b) 700,000

The issue of Shares under the Fee Plan in respect of foregone cash remuneration and any accrued cash remuneration that a Director may elect to be satisfied by the issue of Shares will dilute existing Shareholders. Assuming a 5 cent VWAP to be applied for each calendar quarter and the maximum election by Directors that accrued cash remuneration be satisfied by the issue of Shares (40% for Executive Directors and 100% for Non-Executive Directors), then the maximum dilution to existing Shareholders over the 30 month period of the Fee Plan is 8.79% based on the total number of Shares on issue at the date of this Notice of 117,749,991.

The trading history of the closing price of Shares on the ASX in the 12 months preceding the preparation of this Notice is set out below.

	Price	Date
Highest	8.9 cents	17 October 2019
Lowest	2.2 cents	15 April 2020
Last	8.7 cents	2 October 2020

9.2 Listing Rule 10.14

The Company is proposing to issue Shares to its Directors under the Fee Plan being an employee incentive scheme referred to above ("**Issue**").

Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire equity securities under an employee incentive scheme:

- (a) Listing Rule 10.14.1 – a director of the listed company;

- (b) Listing Rule 10.14.2 – an associate of a director of the listed company; or
- (c) Listing Rule 10.14.3 – a person whose relationship with the listed company or a person referred to in Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its shareholders unless it obtains the approval of its shareholders.

The Issue falls within Listing Rule 10.14.1 above and therefore requires the approval of the Company's Shareholders under Listing Rule 10.14.

Resolutions 8 to 12 seek the required Shareholder approval to the Issue under and for the purposes of Listing Rule 10.14.

For each of Resolutions 8 to 12, if the Resolution is passed, the Company will be able to proceed with the Issue and the particular Director will be able to be issued Shares based on a VWAP to be applied for each relevant calendar quarter for the 30 month period of the Fee Plan in respect of foregone cash remuneration and accrued cash remuneration.

For each of Resolutions 8 to 12, if the Resolution is not passed, the Company will not be able to proceed with the Issue. In this circumstance, the Company intends to reinstate the foregone cash remuneration and pay the Director's remuneration based on this reinstatement. The foregone cash remuneration is set out in the relevant table above.

9.3 Listing Rule 10.15

For Shareholders to approve the issue of Shares under and for the purposes of Listing Rule 10.14, the following information is provided to Shareholders in accordance with Listing Rule 10.15:

- (a) The securities will be issued to Dr Wayne Best or his nominees (Resolution 8), Alfie Germano or his nominees (Resolution 9), Winton Willesee (Resolution 10), Terence Walsh (Resolution 11) and Heidi Beatty (Resolution 12).
- (b) Each of the persons referred to above is a Director and is a Listing Rule 10.14.1 party.
- (c) The securities proposed to be issued to the persons under the Fee Plan for which approval is sought is Shares, being fully paid ordinary shares in the Company ranking equally with the Company's current issued Shares. The maximum number of Shares to be issued under the Fee Plan cannot yet be determined. The formula for the number of Shares to be issued is a VWAP of Shares for each of the 10 calendar quarters from the period from 1 May 2020 to 31 October 2022 in respect of foregone cash remuneration and any accrued cash remuneration that a Director may elect to be satisfied by the issue of Shares. The maximum number of Shares to be issued for each calendar quarter will be equal to the respective amounts of foregone cash remuneration and accrued cash remuneration elected to be sacrificed for such a calendar quarter divided by the VWAP of the Shares to be applied in that calendar quarter. See the tables above.
- (d) The current total remuneration package of each of the Directors is set out in Section 9.1 above.
- (e) No securities have previously been issued under the Fee Plan.
- (f) The securities to be issued are fully paid ordinary shares.
- (g) The securities will be issued for each of the 10 calendar quarters for the period from 1 May 2020 to 31 October 2022 with the first calendar quarter being the July 2020 quarter (for the 3 months of May, June and July 2020) and the last calendar quarter being the October 2022 quarter (for the 3 months of August, September and October 2022).

- (h) The price at which Shares will be issued under the Fee Plan is a formula set out at paragraph (c) above.
- (i) The material terms of the Fee Plan is summarised in Schedule 3.
- (j) No loan will be made to a person in relation to the Fee Plan.
- (k) Details of any securities issued under the Fee Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.

Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the Fee Plan after these Resolutions are approved and who were not named in this Notice will not participate until approval is obtained under Listing Rule 10.14.

For Resolutions 8 to 12, the Directors of the Company independent of the Director the subject of the Resolution have resolved that the issue of Shares the subject of the relevant Resolution is on reasonable arms length terms for the Company as that participating director (or nominee) will be issued with Shares under the Fee Plan where the price reflects a VWAP of Shares for the relevant calendar year. The Shares to be issued are in respect of either foregone cash remuneration or accrued cash remuneration.

By reason of the above matters, no separate related party approval under the Corporations Act is sought.

10. RESOLUTIONS 13 AND 14 – APPROVAL TO ISSUE PERFORMANCE RIGHTS TO DR WAYNE BEST AND ALFIE GERMANO

10.1 General

The Board consists of Dr Wayne Best (Executive Chairman), Alfie Germano (Managing Director), Winton Willesee (Non-Executive Director), Terence Walsh (Non-Executive Director) and Heidi Beatty (Non-Executive Director).

Resolutions 13 and 14 seek Shareholder approval so that the Company may issue Class D Performance Rights as an incentive to Dr Wayne Best and Alfie Germano, being the 2 executive directors of the Company.

Shareholder approval is required for the purposes of Chapter 2E of the Corporations Act (section 208) and Listing Rule 10.11 because each of Dr Wayne Best and Alfie Germano as a Director is a related party of the Company. Each of Chapter 2E and Listing Rule 10.11 are dealt with separately below.

10.2 Chapter 2E of the Corporations Act - Related Party Transaction

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

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

For the purposes of Chapter 2E, each of Dr Wayne Best and Alfie Germano as a Director is a related party of the Company.

The issue of Performance Rights to a related party is a financial benefit requiring shareholder approval in the absence of a specified exception applying.

For the purpose of Chapter 2E of the Corporations Act the following information is provided.

(a) *The related party to whom the resolutions would permit the financial benefit to be given*

The related parties are Dr Wayne Best (Resolution 13) and Alfie Germano (Resolution 14) or their nominees.

(b) *The nature of the financial benefit*

The nature of the financial benefit is the issue of Class D Performance Rights.

It is proposed to issue 2,000,000 Class D Performance Rights to Dr Wayne Best and 2,000,000 Class D Performance Rights to Alfie Germano.

The terms of the Performance Rights including the performance condition is set out in Schedule 4.

(c) *Reasons for giving the benefit and Directors' Recommendation*

The purpose of the issue of the Performance Rights is to incentivise Dr Wayne Best and Alfie Germano as executives to continue to provide ongoing dedicated services to the Company and provide remuneration linked to the performance of the Company. The benefit will only be received upon the performance condition being satisfied.

The Performance Rights are also a way of granting an incentive while preserving the Company's cash reserves.

The Directors independent of the executive to be issued the Performance Rights consider that the particular number and terms of the Performance Rights to be issued to that particular executive constitute an appropriate number to adequately reward and incentivise him in the circumstances in light of his effort, skill and experience and when considered together with his other remuneration (as detailed below).

The Company considers the issue of the Performance Rights to be reasonable in the circumstances of the stage of the Company's development and the importance of maintaining the Company's cash reserves.

The independent Directors in each case thereby recommend that Shareholders vote in favour of the Resolutions.

Dr Wayne Best abstains from making a recommendation as a Director to Shareholders on Resolution 13 as he has a material personal interest in the outcome as the recipient of the Performance Rights.

Alfie Germano abstains from making a recommendation as a Director to Shareholders on Resolution 14 as he has a material personal interest in the outcome as the recipient of the Performance Rights.

(d) *Current total remuneration package*

The remuneration of Dr Wayne Best is \$225,000 per year plus statutory superannuation of which \$165,000 is a cash component and approximately \$60,000 of value in equity securities is intended to be issued per year, subject to Shareholder approval. The Performance Rights the subject of Resolution 13 is the proposed equity securities incentive

this year. Of the \$165,000 cash component, Dr Best has agreed to forego \$15,000 per year in cash for the 30 month period from 1 May 2020 (a total of \$37,500) in consideration of the issue of VWAP Shares (see Resolution 8).

The remuneration of Alfie Germano is \$225,000 per year plus statutory superannuation of which \$165,000 is a cash component and approximately \$60,000 of value in equity securities is intended to be issued per year, subject to Shareholder approval. The Performance Rights the subject of Resolution 14 is the proposed equity securities incentive this year. Of the \$165,000 cash component, Mr Germano has agreed to forego \$15,000 per year in cash for the 30 month period from 1 May 2020 (a total of \$37,500) in consideration of the issue of VWAP Shares (see Resolution 9).

(e) *Existing relevant interests*

As at the date of this Notice, Dr Wayne Best and Alfie Germano have a relevant interest in securities of the Company as follows:

	Shares	Options	Performance Rights
Wayne Best	8,285,002	2,694,941 ¹	2,000,000 ²
Alfie Germano	700,000	2,325,000 ⁵	2,500,000 ⁴

- 1,404,465 Options are listed (NC60) with an exercise price of 30 cents and an expiry date of 31 December 2020 and 1,290,476 Options are unlisted with an exercise price of 30 cents and an expiry date of 31 December 2020.
- The 2,000,000 Performance Rights are Class C Performance Rights which are unvested with the performance milestone required to be achieved by 31 December 2020. If vested, these Performance Rights convert on the basis of 1 Share and 1 Option (exercise price 30 cents and expiry date of 31 December 2020) for every 1 Performance Right (see 2020 Annual Report).
- 125,000 Options are listed (NC60) with an exercise price of 30 cents and an expiry date of 31 December 2020, 1,100,000 Options are unlisted with an exercise price of 30 cents and an expiry date of 30 September 2020 and 1,100,000 Options are unlisted with an exercise price of 40 cents and an expiry date of 30 September 2021.
- 250,000 are Class A Performance Rights, 250,000 are Class B Performance Rights and 2,000,000 are Class C Performance Rights. The Class A Performance Rights and the Class B Performance Rights have vested and may be converted at the election of the holder into 1 Share for every 1 Performance Right. Therefore, Alfie Germano has the right to be issued with 500,000 Shares. The 2,000,000 Class C Performance Rights are unvested with the performance milestone required to be achieved by 31 December 2020. If vested, these Performance Rights convert on the basis of 1 Share and 1 Option (exercise price 30 cents and expiry date of 31 December 2020) for every 1 Performance Right (see 2020 Annual Report).

(f) *Dilution*

The passing of these Resolutions would have the effect of issuing Dr Wayne Best and Alfie Germano up to 4,000,000 Performance Rights.

If the Performance Rights vest, Shares and Options will issue which will have the effect of diluting the shareholding of existing Shareholders. If all the 4,000,000 Performance Rights vest so that 4,000,000 Shares are issued, the effect would be to dilute the shareholding of the existing Shareholders by approximately 3.28% based on the total number of Shares on

issue at the date of this Notice of 117,749,991.

(g) *Trading history*

The following table gives details of the highest, lowest and the latest closing price of the Company's Shares trading on the ASX over the last 12 months.

	Closing Price	Date
Highest Price	8.9 cents	17 October 2019
Lowest Price	2.2 cents	15 April 2020
Latest Price	8.7 cents	2 October 2020

(h) *Performance Condition for the Performance Rights*

The Class D Performance Rights are subject to a performance condition as set out below.

The Performance Rights vest on the achievement of either of the following milestones on or before 31 December 2021:

(i) Commercial Exploitation:

- (A) the Company enters into a commercial agreement or multiple agreements to exploit the Company's intellectual property via the licensing of the Company's intellectual properties and/or sales of products made from or related to the Company's microbial cellulose business; and
- (B) the Company receives \$1,000,000 of gross revenue under that agreement or those agreements; or

(ii) Takeover:

A Takeover Event occurs.

"*Takeover Event*" means a takeover bid for the Company pursuant to Chapter 6 of the Corporations Act where at least 50% of the holders of ordinary shareholders accept the bid and such bid is free of conditions or an Australian court grants orders approving a compromise or scheme of arrangement where the ordinary shares are either cancelled or transferred to a third party (not a scheme of arrangement simply for the purposes of a corporate restructure).

The terms of the Performance Rights (including the conversion of one Performance Right into both one Share and one Option) are set out in Schedule 4.

(i) *Valuation of Performance Rights*

The Company's independent advisers, Stantons International Securities Pty Ltd, have valued the Performance Rights to be issued to the Directors by reference to the Black and Scholes valuation model.

The following assumptions have been made regarding the inputs required for the model:

	Input	Note
Number of Performance Rights	4,000,000	
Underlying share spot price	7 cents	1
Dividend rate	Nil	2
Risk free rate	0.235%	3
Volatility	100%	4
Expiry Date	31 December 2021	5
Performance condition	Yes	6
Valuation	7 cents	

Note 1: The underlying share spot price used for the purpose of the valuation is based on the closing Share price of 7 cents on 11 September 2020.

Note 2: No dividends are expected to be paid during the life of the Performance Rights.

Note 3: The risk free rate is the 2 year Commonwealth Government bond rate at 11 September 2020.

Note 4: The volatility was calculated from the Company's historical trading volatility over the last 12 months and 36 months and is 100%.

Note 5: The Performance Rights expire on 31 December 2021.

Note 6: The performance condition is a commercial exploitation condition or Takeover Event as set out in the table above. The performance condition was not taken into account when determining the value of the Performance Rights.

Based on the above assumptions, the Performance Rights have been valued as follows:

Number and Value of Performance Rights	
	Class D Performance Rights
Dr Wayne Best	2,000,000 Performance Rights – 7 cents each (\$140,000)
Alfie Germano	2,000,000 Performance Rights – 7 cents each (\$140,000)

(j) *Other information*

The Directors do not consider that there are opportunity costs to the Company or benefits foregone by the Company in issuing the Performance Rights.

The Directors are not aware of any other information that is reasonably required by Shareholders to allow them to make a decision as to whether it is in the best interests of the Company to pass the Resolutions.

10.3 Listing Rule 10.11

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

- (a) Listing Rule 10.11.1 - a related party;

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

unless it obtains the approval of its shareholders.

The issue of the Performance Rights falls within Listing Rule 10.11.1 (as each of the parties the subject of the Resolutions is a Director of the Company) and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of the Company's Shareholders under Listing Rule 10.11.

The Resolutions seek the required Shareholder approval to the issue of the Performance Rights under and for the purposes of Listing Rule 10.11.

For each of Resolutions 13 and 14, if the Resolution is passed, the Company will be able to proceed with the issue.

For each of Resolutions 13 and 14, if the Resolution is not passed, the Company will not be able to proceed with the issue and this incentive will not be issued to the Director. In this circumstance, the Company intends to increase the cash base salary of each of Dr Wayne Best and Alfie Germano by \$60,000.

10.4 Listing Rule 10.13

For Shareholders to approve the issue of the Performance Rights under and for the purposes of Listing Rule 10.11, the following information is provided to Shareholders in accordance with Listing Rule 10.13:

- (a) The securities will be issued to Dr Wayne Best or his nominee (Resolution 13) and Alfie Germano or his nominee (Resolution 14).
- (b) Each of Dr Wayne Best and Alfie Germano is a Director and is therefore a related party (Listing Rule 10.11.1).
- (c) The number of securities the Company will issue is up to 2,000,000 Performance Rights to Dr Wayne Best (Resolution 13) and up to 2,000,000 Performance Rights to Alfie Germano (Resolution 14).
- (d) The terms of the Performance Rights including the performance milestones are set out in Schedule 4.
- (e) The Performance Rights will be issued no later than 1 month after the date of this Meeting (or a later date to the extent permitted by any ASX waiver or modification of the Listing Rules).

- (f) The Performance Rights will be issued for no consideration and there is no issue price.
- (g) The purpose of the issue of the Performance Rights is to incentivise the executive directors and to issue the Performance Rights as part of the executive director's remuneration package. No funds will be raised from the issue of the Performance Rights.
- (h) The current total remuneration package of each of Dr Wayne Best and Alfie Germano is set out in Section 10.2(d) above.
- (i) The Performance Rights are to be issued as an incentive under the terms of the executive director's respective executive service agreement. Other than the remuneration referred to above, the other material terms of the executive service agreement with Dr Wayne Best as executive chairman is he is engaged on an ongoing basis and either the Company or the executive director may terminate without cause on 3 months written notice as well as the Company being able to terminate upon limited events akin to misconduct or incapacity. Other than the remuneration referred to above, the other material terms of the executive service agreement with Alfie Germano as managing director is he is engaged on an ongoing basis as managing director and either the Company or the executive director may terminate without cause on 3 months written notice as well as the Company being able to terminate upon limited events akin to misconduct or incapacity. Otherwise, the terms of the engagement of each of the executive directors is on respective standard commercial terms for an executive chairman and managing director respectively.

11. RESOLUTION 15 – APPROVAL TO ISSUE OPTIONS TO HEIDI BEATTY

11.1 General

Resolution 15 seeks Shareholder approval so that the Company may issue Options as an incentive to Heidi Beatty, a non-executive director of the Company.

Shareholder approval is required for the purposes of Chapter 2E of the Corporations Act (section 208) and Listing Rule 10.11 because Heidi Beatty as a Director is a related party of the Company. Each of Chapter 2E and Listing Rule 10.11 are dealt with separately below.

11.2 Chapter 2E of the Corporations Act - Related Party Transaction

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

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

For the purposes of Chapter 2E, Heidi Beatty as a Director is a related party of the Company.

The issue of Options to a related party is a financial benefit requiring shareholder approval in the absence of a specified exception applying.

For the purpose of Chapter 2E of the Corporations Act the following information is provided.

- (a) *The related party to whom the resolutions would permit the financial benefit to be given*
The related party is Heidi Beatty or her nominees.
- (b) *The nature of the financial benefit*

The nature of the financial benefit is the issue of up to 500,000 Options.

The Options will have an exercise price representing 135% of the VWAP (a 35% premium) of Shares for the 5 Trading Days on which trades of Shares occurred prior to the Meeting and an expiry date of 31 October 2023. The full terms of the Options are set out in Schedule 5.

(c) *Reasons for giving the benefit and Directors' Recommendation*

The purpose of the issue of the Options is to incentivise Heidi Beatty to provide ongoing dedicated services and provide remuneration linked to the performance of the Company. The benefit will only be received from the Options upon the Company's Share price exceeding the exercise price of the Options and thereby warranting their exercise.

Under the Company's current circumstances, the Directors consider that the incentive, represented by the issue of these Options, is a cost effective and efficient reward and incentive to be provided to the Director by the Company, as opposed to alternative forms of incentive, such as the payment of cash compensation. In addition, the independent Directors independent of Heidi Beatty consider it prudent to make payment by way of the options so as to preserve the cash reserves of the Company.

The Directors independent of Heidi Beatty (being the 4 other Directors that are not the subject of this Resolution) consider that the quantity of Options together with the terms of the Options constitutes an appropriate number to adequately incentivise Heidi Beatty in light of Heidi Beatty's skill and experience and her current remuneration as detailed below.

The Company acknowledges that the issue of the Options to Heidi Beatty as a non-executive Director may be contrary to guidelines for non-executive director remuneration in the ASX Corporate Governance Principles and Recommendations, 4th Edition suggesting that non-executive directors should not receive performance based remuneration. However, the Board considers the issue of the Options to be reasonable in the circumstances given the Company's size and stage of development and the importance of maintaining the Company's cash reserves.

The Directors independent of Heidi Beatty thereby recommend that Shareholders vote in favour of the Resolution.

Heidi Beatty abstains from making a recommendation as a Director to Shareholders on this Resolution as she has a material personal interest in the outcome as the recipient of the Options.

(d) *Current total remuneration package*

The current remuneration received by Heidi Beatty is \$35,000 per year director's fee.

(e) *Existing relevant interests*

As at the date of this Notice, Heidi Beatty has no relevant interest in securities of the Company.

(f) *Dilution*

The passing of this Resolution would have the effect of issuing Heidi Beatty up to 500,000 Options.

If any of the Options are exercised into Shares, the effect will be to dilute the shareholding of existing Shareholders. If all the 500,000 Options were exercised into Shares, the effect

would be to dilute the shareholding of the existing Shareholders by approximately 0.42% based on the total number of Shares on issue at the date of this Notice of 117,749,991.

(g) *Trading history*

The following table gives details of the highest, lowest and the latest closing price of the Company's Shares trading on the ASX over the last 12 months.

	Closing Price	Date
Highest Price	8.9 cents	17 October 2019
Lowest Price	2.2 cents	15 April 2020
Latest Price	8.7 cents	2 October 2020

(h) *Valuation of Options*

The Company's independent advisers, Stantons International Securities Pty Ltd, have valued the Options to be issued to Heidi Beatty by reference to the Black and Scholes valuation model.

The following assumptions have been made regarding the inputs required for the model:

	Input	Note
Number of Options	500,000	
Underlying share spot price	7 cents	1
Exercise Price	9.8 cents	2
Dividend rate	Nil	3
Risk free rate	0.255%	4
Volatility	100%	5
Expiry Date	31 October 2023	6
Valuation	3.93 cents	

Note 1: The underlying share spot price used for the purpose of the valuation is based on the closing Share price of 7 cents on 11 September 2020.

Note 2: The exercise price is not known at the date of this Notice. It will be determined by a formula, which is 135% of the VWAP (or a 35% premium) of Shares for the 5 Trading Days on which trades of Shares occurred prior to the Meeting. For the purposes of the valuation, the exercise price is assumed to be 9.8 cents being a 35% premium to the closing Share price on 11 September 2020.

Note 3: No dividends are expected to be paid during the life of the Options.

Note 4: The risk free rate is the 3 year Commonwealth Government bond rate at 11 September 2020.

Note 5: The volatility was calculated from the Company's historical trading volatility over the last 12 months and 36 months and is 100%.

Note 6: The Options expire on 31 October 2023.

Based on the above assumptions, the Options have been valued as follows:

Number and Value of Options	
Heidi Beatty	500,000 Options – 3.93 cents each (\$19,650)

(i) *Other information*

The Directors do not consider that there are opportunity costs to the Company or benefits foregone by the Company in issuing the Options.

The Directors are not aware of any other information that is reasonably required by Shareholders to allow them to make a decision as to whether it is in the best interests of the Company to pass the Resolution.

11.3 Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to various Listing Rule 10.11.1 parties unless it obtains the approval of its shareholders. The Listing Rule 10.11.1 parties are set out in Section 10.3 above.

The issue of the Options falls within Listing Rule 10.11.1 (as Heidi Beatty as the party the subject of the Resolution is a Director of the Company) and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of the Company's Shareholders under Listing Rule 10.11.

The Resolution seeks the required Shareholder approval to the issue of the Options under and for the purposes of Listing Rule 10.11.

If this Resolution is passed, the Company will be able to proceed with the issue.

If the Resolution is not passed, the Company will not be able to proceed with the issue and this incentive will not be issued to the Director. No other replacement incentive is currently proposed.

11.4 Listing Rule 10.13

For Shareholders to approve the issue of the Options under and for the purposes of Listing Rule 10.11, the following information is provided to Shareholders in accordance with Listing Rule 10.13:

- (a) The securities will be issued to Heidi Beatty or her nominee.
- (b) Heidi Beatty is a Director and is therefore a related party (Listing Rule 10.11.1).
- (c) The number of securities the Company will issue is up to 500,000 Options.
- (d) The Options will have an exercise price representing 135% of the VWAP (a 35% premium) of Shares for the 5 Trading Days on which trades of Shares occurred prior to the Meeting and an expiry date of 31 October 2023. The full terms of the Options are set out in Schedule 5.
- (e) The Options will be issued no later than 1 month after the date of this Meeting (or a later date to the extent permitted by any ASX waiver or modification of the Listing Rules).

- (f) The Options will be issued for no consideration and there is no issue price.
- (g) The purpose of the issue of the Options is to incentivise Heidi Beatty in her role as a non-executive director and to issue the Options as part of her remuneration. No funds will be raised from the issue of the Options.
- (h) The current total remuneration package for Heidi Beatty is set out in Section 11.2(d) above.
- (i) The Options are to be issued as an incentive under the terms of Heidi Beatty's non-executive director engagement agreement. Other than the remuneration referred to above, Heidi Beatty is engaged as a non-executive director subject to the rights of Shareholders and she must perform this role in accordance with applicable laws. Otherwise, the terms of the engagement is on standard commercial terms for a non-executive director.

NANOLLOSE LIMITED
ACN 601 676 377

GLOSSARY

In the Notice and this Explanatory Statement the following expressions have the following meanings:

"**ASX**" means the ASX Limited (ACN 008 624 691).

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

"**Board**" means the Board of Directors of the Company.

"**Chairman**" or "**Chair**" means the chairman of the Company.

"**Company**" or "**NC6**" means Nanollose Limited (ACN 601 676 377).

"**Constitution**" or "**Existing Constitution**" means the constitution of the Company.

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

"**Directors**" mean the directors of the Company from time to time.

"**Equity Securities**" has the same meaning as in the Listing Rules.

"**Explanatory Statement**" means this Explanatory Statement.

"**Fee Plan**" means Director and Employee Fee Plan adopted by the Board in October 2020.

"**Meeting**" means the meeting convened by this Notice.

"**New Constitution**" means the constitution proposed to be adopted by Resolution 7.

"**Notice**" means the notice of meeting that accompanies this Explanatory Statement.

"**Option**" means an option to subscribe for a Share.

"**Performance Right**" means a right to acquire a Share subject to the satisfaction of applicable vesting conditions.

"**Resolution**" means a resolution referred to in the Notice.

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

"**Shareholder**" means a registered holder of Shares in the Company.

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

"**VWAP**" means the volume weighted average price.

"**WST**" means Western Standard Time, Perth, Western Australia.

"**A\$**" "**AUD**" or "**\$**" means Australian dollars unless otherwise stated.

SCHEDULE 1

Terms of Options (Resolution 3)

The terms of the Options are:

1. Each Option gives the Option Holder the right to subscribe for one Share. To obtain the right given by each Option, the Option Holder must exercise the Options in accordance with the terms and conditions of the Options.
2. The Options will expire at 5.00pm (WST) on 31 May 2023 ("Expiry Date"). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
3. The amount payable upon exercise of each Option is 10 cents ("Exercise Price").
4. The Options held by each Option Holder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion. Where less than 1,000 Options are held, all Options must be exercised together.
5. An Option Holder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (a) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (b) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised("Exercise Notice").
6. An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
7. Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
8. The Options are transferable.
9. All Shares allotted upon the exercise of Options will upon allotment rank equally in all respects with other Shares.
10. The Options are not intended to be quoted on ASX.
11. If at any time the issued capital of the Company is reconstructed, all rights of an Option Holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
12. There are no participating rights or entitlements inherent in the Options and Option Holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any issue, the record date will be after the issue is announced. This will give Option Holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

13. Other than pursuant to paragraph 14, an Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.
14. In the event the Company proceeds with a bonus issue of securities to Shareholders after the date of issue of the Options, the number of securities over which an Option is exercisable may be increased by the number of securities which the Option Holder would have received if the Option had been exercised before the record date for the bonus issue.

SCHEDULE 2

Terms of Options (Resolution 5)

The terms of the Options are:

1. Each Option gives the Option Holder the right to subscribe for one Share. To obtain the right given by each Option, the Option Holder must exercise the Options in accordance with the terms and conditions of the Options.
2. The Options will expire at 5.00pm (WST) on 30 November 2021("Expiry Date"). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
3. The amount payable upon exercise of each Option is 10 cents ("Exercise Price").
4. The Options held by each Option Holder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion. Where less than 1,000 Options are held, all Options must be exercised together.
5. An Option Holder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (c) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (d) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised("Exercise Notice").
6. An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
7. Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
8. The Options are transferable.
9. All Shares allotted upon the exercise of Options will upon allotment rank equally in all respects with other Shares.
10. The Options are not intended to be quoted on ASX.
11. If at any time the issued capital of the Company is reconstructed, all rights of an Option Holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
12. There are no participating rights or entitlements inherent in the Options and Option Holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any issue, the record date will be after the issue is announced. This will give Option Holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

13. Other than pursuant to paragraph 14, an Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.
14. In the event the Company proceeds with a bonus issue of securities to Shareholders after the date of issue of the Options, the number of securities over which an Option is exercisable may be increased by the number of securities which the Option Holder would have received if the Option had been exercised before the record date for the bonus issue.

SCHEDULE 3

Summary of the terms of the Director and Employee Fee Plan (Resolutions 8 to 12)

1. All employees (full and part-time), officers, consultants, contractors and executive and non-executive directors of the Company (Participants) and any related entity and any nominee of such parties shall be entitled during the term of the Fee Plan (Plan):
 - (a) to receive any foregone cash remuneration upon their base salaries (Foregone Cash Remuneration) by the issue of Shares; and
 - (b) to elect by notice in writing to the Company (Election Notice) to be paid, subject to limitations upon executive directors, some or all of the accrued cash remuneration due and owing to them by the Company from time to time as fees for services (Accrued Cash Remuneration) by way of an issue of Shares.
2. The Shares issued under the Plan, whether under paragraph 1(a) (Foregone Cash Remuneration) or paragraph 1(b) (Accrued Cash Remuneration) will be Plan Shares and will be issued to the Participant or to a nominee (Recipient).
3. The Plan commences on 1 May 2020 and continues for a 30 month period until 31 October 2022. Plan Shares will be issued on a calendar quarter basis with the first calendar quarter being the July 2020 quarter (a period of 3 months concluding on 31 July 2020), followed by the October 2020 quarter (a period of 3 months concluding on 31 October 2020), the January 2021 quarter (a period of 3 months concluding on 31 January 2021) and the April 2021 quarter (a period of 3 months concluding on 30 April 2021). There will be 10 such calendar quarters over the 30 month period of the Plan.
4. The formula for the issue price of the Plan Shares to be issued is the volume weighted average price (VWAP) of Shares for the relevant calendar quarter. Any fractional entitlement to be issued Plan Shares will be rounded down to the nearest whole number.
5. In respect of Accrued Cash Remuneration, subject to paragraphs 6 and 7, an Election Notice may be given by a Participant at any time (including prior to a calendar quarter) provided it is given no later than 5 business days after the end of the relevant calendar quarter and shall specify the amount of any Accrued Cash Remuneration that a Participant wishes to be paid by way of Plan Shares under the Plan and whether the Participant wishes to have the Plan Shares issued in his or her own name or in the name of a nominee.
6. A Participant may give a one-off Election Notice for Accrued Cash Remuneration owing to him/her by the Company for the July 2020 calendar quarter ending 31 July 2020 later than 5 business days after the end of that calendar quarter.
7. Executive Directors may only elect to take up to a maximum of 40% of their Accrued Cash Remuneration in Shares in each calendar quarter.
8. The Company shall:
 - (a) save for Plan Shares issued as a result of an Election Notice under paragraph 6, issue the Plan Shares to a Recipient as soon as practicable after conclusion of the calendar quarter to which the Foregone Cash Remuneration and/or Accrued Cash Remuneration relates;

- (b) forthwith deliver a statement of holding to the Recipient in respect of the Plan Shares; and
 - (c) cause the Plan Shares to be listed on ASX as soon as reasonably practicable at the Company's cost and expense.
- 9. The obligation of the Company to issue any Plan Shares is subject to the receipt of any approvals required under;
 - (a) the Listing Rules; and
 - (b) if necessary, the Corporations Act.
- 10. Notwithstanding any other provision of the Plan, where a Participant is a director or otherwise a related party, that Participant may only receive the number of Plan Shares as approved by Shareholders of the Company under the Listing Rules and, if necessary, the Corporations Act.

SCHEDULE 4

Terms of Class D Performance Rights (Resolutions 13 and 14)

The terms of the Class D Performance Rights are:

1. (Vesting) The Performance Rights vest on the achievement of either of the following milestones on or before 31 December 2021:
 - (a) Commercial Exploitation:
 - (i) The Company enters into a commercial agreement or multiple agreements to exploit the Company's intellectual property via the licensing of the Company's intellectual properties and/or sales of products made from or related to the Company's microbial cellulose business; and
 - (ii) The Company receives \$1 million of gross revenue under that agreement or those agreements.
 - (b) Takeover:
 - (i) A Takeover Event occurs. A "*Takeover Event*" means a takeover bid for the Company pursuant to Chapter 6 of the Corporations Act where at least 50% of the holders of ordinary shares accept the bid and such bid is free of conditions or a court grants an order approving a compromise or scheme where the ordinary shares are either cancelled or transferred to a third party (not being a scheme of arrangement simply for the purposes of a corporate restructure).
2. (Conversion) Upon satisfaction of the relevant vesting condition, each Performance Right once vested will not automatically convert into one Share and will only convert into one Share at the election of the holder following the process in paragraph 3.
3. (Conversion Process) Pursuant to paragraph 2, a holder electing to convert the vested Performance Rights must give written notice to the Company of its election.
4. (No Consideration payable) No consideration is payable upon the vesting and conversion of the Performance Rights.
5. (No Voting rights) A Performance Right does not entitle a holder to vote on any resolutions proposed at a general meeting of Shareholders of the Company.
6. (No dividend rights) A Performance Right does not entitle a holder to any dividends.
7. (No rights on winding up) A Performance Right does not entitle the holder to participate in the surplus profits or assets of the Company upon winding up of the Company.
8. (Not transferable) A Performance Right is not transferable.
9. (Reorganisation of capital) If there is a reorganisation (including, without limitation, consolidation, sub-division, reduction or return) of the issued capital of the Company, the rights of a holder will be varied, as appropriate, in accordance with the Listing Rules which apply to reorganisation of capital at the time of the reorganisation.

10. (Quotation of Shares and Options on conversion) An application will be made by the Company to ASX for official quotation of the Shares issued upon the conversion of each Performance Right in accordance with the Listing Rules. The Company will not apply for quotation of the Performance Rights on ASX.
11. (No participation in entitlements and bonus issues) A Performance Right does not entitle a holder to participate in new issues of capital offered to holders of Shares, such as bonus issues and entitlement issues.
12. (No other rights) A Performance Right does not give a holder any other rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.
13. (Lapse) If:
 - (a) the vesting condition relevant to a Performance Right has not been satisfied by the relevant vesting date, or
 - (b) if, other than being terminated without cause (as defined in the employment agreement of the offeree), the offeree ceases to be an employee, director or consultant to the Company, and the Board do not pass a resolution within 30 days of the offeree ceasing to be an employee, director or consultant to the Company, confirming the Performance Rights will not lapse,

then the Performance Rights will automatically lapse.

SCHEDULE 5

Terms of Options (Resolution 15)

The terms of the Options are:

1. Each Option gives the Option Holder the right to subscribe for one Share. To obtain the right given by each Option, the Option Holder must exercise the Options in accordance with the terms and conditions of the Options.
2. The Options will expire at 5.00pm (WST) on 31 October 2023 ("Expiry Date"). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
3. The amount payable upon exercise of each Option is 135% of the VWAP (a 35% premium) of Shares for the 5 Trading Days on which trades of Shares occurred prior to the Meeting ("Exercise Price").
4. The Options held by each Option Holder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion. Where less than 1,000 Options are held, all Options must be exercised together.
5. An Option Holder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (a) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (b) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised("Exercise Notice").
6. An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
7. Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
8. The Options are transferable.
9. All Shares allotted upon the exercise of Options will upon allotment rank equally in all respects with other Shares.
10. The Options are not intended to be quoted on ASX.
11. If at any time the issued capital of the Company is reconstructed, all rights of an Option Holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
12. There are no participating rights or entitlements inherent in the Options and Option Holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any issue, the record date will be after the issue

is announced. This will give Option Holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

13. Other than pursuant to paragraph 14, an Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.
14. In the event the Company proceeds with a bonus issue of securities to Shareholders after the date of issue of the Options, the number of securities over which an Option is exercisable may be increased by the number of securities which the Option Holder would have received if the Option had been exercised before the record date for the bonus issue.

Holder Number:

Your proxy voting instruction must be received by **4.00pm (WST) on Wednesday, 18 November 2020** being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

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

YOUR NAME AND ADDRESS

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

STEP 1 – APPOINT A PROXY

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

DEFAULT TO THE CHAIR OF THE MEETING

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

STEP 2 - VOTES ON ITEMS OF BUSINESS

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

APPOINTMENT OF SECOND PROXY

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

SIGNING INSTRUCTIONS

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

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

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

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

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

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

CORPORATE REPRESENTATIVES

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

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at

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

or scan the QR code below using your smartphone

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



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