



SKIN ELEMENTS LIMITED  
ACN 608 047 794  
NOTICE OF ANNUAL GENERAL MEETING

**The annual general meeting of the Company will be held at 32 Ord Street, West Perth, Western Australia on Thursday 30 November 2017 at 11.00am (WST).**

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

***Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on +61 8 9486 4792***

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

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of shareholders of Skin Elements Limited (**Company**) will be held at 32 Ord Street, West Perth, Western Australia on Thursday 30 November 2017 at 11.00am (WST) (**Meeting**).

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

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Tuesday, 28 November 2017 at 4.00pm (WST).

Terms and abbreviations used in this Notice (including the Explanatory Memorandum) are defined in Schedule 1.

### AGENDA

#### ANNUAL REPORT

To consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2017, which includes the Financial Report, the Directors' Report and the Auditor's Report.

#### 1. RESOLUTION 1 - REMUNERATION REPORT

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

*"That, pursuant to and in accordance with section 250R(2) of the Corporations Act and for all other purposes, approval is given by the Shareholders for the adoption of the Remuneration Report on the terms and conditions in the Explanatory Memorandum."*

#### Voting Exclusion

A vote on this Resolution must not be cast:

- (a) by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member, regardless of the capacity in which the vote is cast; or
- (b) by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such persons if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as a proxy that specifies the way the proxy is to vote on this Resolution; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chairman to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

#### 2. RESOLUTION 2 - RE-ELECTION OF MR LUKE JOHN MARTINO AS DIRECTOR

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

*"That, pursuant to and in accordance with article 13.2 of the Constitution and for all other purposes, Mr Luke John Martino, Director, retires and being eligible is elected as a Director on the terms and conditions in the Explanatory Memorandum."*

### 3. RESOLUTION 3 - APPOINTMENT OF AUDITOR

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

*"That, pursuant to and in accordance with section 327B of the Corporations Act and for all other purposes, BDO Audit (WA) Pty Ltd, having consented to act as the Company's auditor, is appointed as the Company's auditor on the terms and conditions in the Explanatory Memorandum."*

### 4. RESOLUTION 4 - RATIFICATION OF MCARTHUR PLACEMENT

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

*"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 3,000,000 Shares on the terms and conditions in the Explanatory Memorandum."*

#### Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person who participated in the McArthur Placement and any associate of that person.

The Company will not disregard a vote if:

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

### 5. RESOLUTION 5 - APPROVAL OF 10% PLACEMENT FACILITY

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

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

#### Voting Exclusion

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

The Company will not disregard a vote if:

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

**6. RESOLUTION 6 - ISSUE OF PERFORMANCE RIGHTS TO PETER FRANCIS MALONE OR HIS ASSOCIATE UNDER THE PLAN**

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

*"That, pursuant to and in accordance with Listing Rule 10.14, chapter 2D of the Corporations Act and for all other purposes, Shareholders approve the issue of up to 4,000,000 Performance Rights to Peter Francis Malone (and/or his nominee), under the Plan on the terms and conditions in the Explanatory Memorandum."*

**Voting Exclusion**

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

The Company will not disregard a vote if:

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

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

**7. RESOLUTION 7 - ISSUE OF PERFORMANCE RIGHTS TO LUKE JOHN MARTINO OR HIS ASSOCIATE UNDER THE PLAN**

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

*"That, pursuant to and in accordance with Listing Rule 10.14 and chapter 2D of the corporations act and for all other purposes, Shareholders approve the issue of up to 400,000 Performance Rights to Luke John Martino (and/or his nominee), under the Plan on the terms and conditions in the Explanatory Memorandum."*

**Voting Exclusion**

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

The Company will not disregard a vote if:

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

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

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

## 8. **RESOLUTION 8 - ISSUE OF PERFORMANCE RIGHTS TO DAVID JAMES HUMANN OR HIS ASSOCIATE UNDER THE PLAN**

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

*"That, pursuant to and in accordance with Listing Rule 10.14 and chapter 2D of the corporations act and for all other purposes, Shareholders approve the issue of up to 400,000 Performance Rights to David James Humann (and/or his nominee), under the Plan on the terms and conditions in the Explanatory Memorandum."*

### **Voting Exclusion**

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

The Company will not disregard a vote if:

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

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

Dated: 31/10/2017

By order of the Board

A handwritten signature in black ink, appearing to read 'Piercy', written over a faint horizontal line.

Craig Piercy  
Company Secretary

## EXPLANATORY MEMORANDUM

### 1. INTRODUCTION

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at 32 Ord Street, West Perth, Western Australia on Thursday 30 November 2017 at 11.00am (WST).

This Explanatory Memorandum forms part of the Notice which should be read in its entirety. This Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

A Proxy Form is accompanying this Explanatory Memorandum.

### 2. ACTION TO BE TAKEN BY SHAREHOLDERS

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

#### 2.1 Proxies

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

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. Where the proportion or number is not specified, each proxy may exercise half of the votes.

Proxy Forms must be completed and received by the Company's share registrar per the details below, no later than 11.00am (WST) on Tuesday, 28 November 2017, being at least 48 hours before the Meeting.

Mail: Skin Elements Share Registry  
C/- Link Market Services Limited  
Locked Bag A14  
SYDNEY SOUTH NSW 1235

Delivery: Skin Elements Share Registry  
C/- Link Market Services Limited  
1A Homebush Bay Drive  
RHODES NSW 2138

Facsimile: (02) 9287 0309 (from Australia)  
+61 2 9287 0309 (from overseas)

Online: [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Select 'Shareholders Login' and in the 'Single Holding' section enter Skin Elements Limited or the ASX code (SKN) in the Issuer name field, your Holder Identification Number (HIN) or Security Reference Number (SRN) (which is shown on the front of your proxy form or on your holding statement), postcode, security code which is shown on the screen, tick the terms and conditions agreement and click 'Login'.

Select the 'Voting' tab and then follow the prompts.

You will be taken to have signed your Proxy Form if you lodge it in accordance with the instructions given on the website.

### **Corporate Representatives**

Any corporate Shareholder wishing to appoint a person to act as its representative at the Meeting may do so by providing that person with:

- a letter or certificate executed in accordance with the Corporations Act authorising that person to act as the corporate Shareholder's representative at the Meeting; or
- a copy of the resolution appointing that person as the corporate Shareholder's representative at the Meeting, certified by a secretary or director of the corporate Shareholder.

Alternatively, Shareholders can download and fill out the 'Appointment of Corporate Representation' form from Link Market Services Limited's website – [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au). Hover over 'Resources' and click on 'Forms' and then select 'Holding Management'.

## **2.2 Voting Prohibition by Proxy Holders (Remuneration of Key Management Personnel)**

A vote on Resolution 1,6,7 and 8 must not be cast:

- (a) by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member, regardless of the capacity in which the vote is cast; or
- (b) by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such persons if the vote is not cast on behalf of a person who is excluded from voting on Resolution 1,6,7 and 8 and:

- (a) the person is appointed as a proxy that specifies the way the proxy is to vote on Resolution 1,6,7 and 8; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on Resolution 1,6,7 and 8, but expressly authorises the Chairman to exercise the proxy even Resolution 1,6,7 and 8 is connected with the remuneration of a member of the Key Management Personnel.

## **3. ANNUAL REPORT**

In accordance with section 317(1) of the Corporations Act the Annual Report must be laid before the annual general meeting. There is no requirement for Shareholders to approve the Annual Report.

At the Meeting, Shareholders will be offered the opportunity to:

- (a) discuss the Annual Report which is available online at [www.soleoorganics.com](http://www.soleoorganics.com);
- (b) ask questions about, or comment on, the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.



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

- (a) the preparation and the content of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies of the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

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

#### 4. **RESOLUTION 1 – REMUNERATION REPORT**

In accordance with section 250R(2) of the Corporations Act, the Company must put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

In accordance with section 250R(3) of the Corporations Act, Resolution 1 is advisory only and does not bind the Directors of the Company. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

Shareholders will have the opportunity to remove the whole Board except the Managing Director if the Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive annual general meetings.

The Company did not receive a Strike at its previous annual general meeting. Accordingly, a spill resolution cannot occur unless the Company receives a Strike at both the 2017 and 2018 annual general meetings, or at any other two subsequent successive annual general meetings.

#### 5. **RESOLUTION 2 – RE-ELECTION OF MR LUKE JOHN MARTINO AS DIRECTOR**

Article 13.2 of the Constitution requires one third of all Directors, or if their number is not a multiple of three, then the number nearest one-third (rounded upwards in the case of doubt to the nearest whole number) to retire at each annual general meeting.

Article 13.2 of the Constitution also states that a Director who retires under this article is eligible for re-election.

Resolution 2 provides that Mr Luke John Martino retires by rotation and seeks re-election as Director.

Details of Mr Martino's background and experience are set out in the Annual Report.

Resolution 2 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 2.

The Directors (excluding Mr Martino) recommends that Shareholders vote in favour of Resolution 2.

#### 6. **RESOLUTION 3 – APPOINTMENT OF AUDITOR**

In accordance with section 327A of the Corporations Act, a public company must appoint an auditor within one month after the day on which the company is registered, unless the company at a general meeting has appointed an auditor.

An auditor so appointed holds office until the Company's first annual general meeting.

In accordance with section 327B(1)(a) of the Corporations Act, a public company must appoint an auditor of the company at its first annual general meeting.

BDO Audit (WA) Pty Ltd has consented to act in the capacity of auditor, and all other requirements of the Corporations Act in relation to the appointment of an auditor have been, or, at the date of the Notice are being met.

In accordance with section 328B(1) of the Corporations Act, a Shareholder has nominated BDO Audit (WA) Pty Ltd. A copy of the nomination letter is attached as Schedule 2.

Resolution 3 therefore provides that BDO Audit (WA) Pty Ltd ceases to hold office and is re-appointed as auditor of the Company.

Resolution 3 is an ordinary resolution.

The Directors recommend that Shareholders vote in favour of Resolution 3.

## 7. RESOLUTION 4 - RATIFICATION OF MCARTHUR PLACEMENT

### 7.1 General

On 5 May 2017, the Company completed its acquisition of the McArthur Skincare business. The consideration included the issue of 3,000,000 ordinary fully paid shares to the value of \$555,000 (**McArthur Placement**).

Further details about the acquisition of the McArthur Skincare business are contained in the Annual Report.

In accordance with Listing Rule 7.1, the Company must not, subject to specified exceptions, issue or agree to issue more securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 provides that where a company in general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) those securities will be deemed to have been made with Shareholder approval for the purpose of Listing Rule 7.1. The Company confirms that the issue of Shares under the McArthur Placement did not breach Listing Rule 7.1.

The effect of passing Resolution 4 will be to allow the Company to issue securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1, without obtaining prior Shareholder approval.

Resolution 4 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 4.

The Directors recommend that Shareholders vote in favour of Resolution 4.

### 7.2 Specific information required by Listing Rule 7.5

In accordance with Listing Rule 7.5, information is provided in relation to the McArthur Placement as follows:

- (a) the Company issued 3,000,000 Shares to Tom McArthur Pty Ltd;
- (b) the Company issued the Shares as consideration for the business and business assets of Tom McArthur Pty Ltd, being the McArthur Skincare range of therapeutic and cosmetic skin care products, the shares being issued with a notional value of \$555,000;
- (c) the Shares are ordinary, fully paid shares issued on the same terms as the Company's existing shares;

- (d) the purpose of the issue was the acquisition of the McArthur Skincare range from Tom McArthur Pty Ltd; and
- (e) a voting exclusion statement is included in the Notice for Resolution 4.

## 8. RESOLUTION 5 - APPROVAL OF 10% PLACEMENT FACILITY

### 8.1 General

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

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

The Company is seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 8.2(c)).

Resolution 5 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The Chairman intends to exercise all available proxies in favour of Resolution 5.

The Directors recommend that Shareholders vote in favour of Resolution 5.

### 8.2 Listing Rule 7.1A

#### (a) Shareholder approval

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

#### (b) Equity Securities

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

The Company, as at the date of this Notice, has on issue two quoted classes of Equity Securities, Shares (ASX: SKN) and Listed Options (ASX: SKNO).

#### (c) Formula for calculating 10% Placement Facility

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

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

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

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

- (B) plus the number of partly paid shares that became fully paid in the 12 months;
- (C) plus the number of Shares issued in the 12 months with Shareholder approval under Listing Rule 7.1 and 7.4. This does not include an issue of Shares under the entity's 15% placement capacity without Shareholder approval;
- (D) less the number of fully paid shares cancelled in the 12 months.

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

**D** is 10%

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

#### (d) **Listing Rule 7.1 and Listing Rule 7.1A**

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

At the date of the Notice, the Company has on issue 76,550,001 Shares and therefore, assuming that Resolution 4 is passed, will have the capacity to issue:

- (i) 11,482,500 Equity Securities under Listing Rule 7.1; and
- (ii) subject to Shareholder approval being sought under Resolution 5, 7,655,000 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 8.2(c)).

#### (e) **Minimum Issue Price**

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

#### (f) **10% Placement Period**

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

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of Shareholder approval of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX, (the **10% Placement Period**).

### 8.3 Effect of Resolution

The effect of Resolution 5 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

### 8.4 Specific information required by Listing Rule 7.3A

In accordance with Listing Rule 7.3A, information is provided as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:
- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 5 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in the case of Listed Options, only if the Listed Options are exercised). There is a risk that:
- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,
- which may have an effect on the amount of funds raised by the issue of the Equity Securities.
- (c) The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable 'A' calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of the Notice.
- (d) The table also shows:
- (i) two examples where variable 'A' has increased, by 50% and 100%. Variable 'A' is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
  - (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.08 50% decrease in Issue Price	\$0.16 Issue Price	\$0.32 100% increase in Issue Price
Current Variable A 76,550,001 Shares	<b>Funds raised</b>	\$6,124,000	\$12,248,000	\$24,496,000
	<b>10% Voting Dilution</b>	11,482,500 Shares	11,482,500 Shares	11,482,500 Shares
50% increase in current Variable A 114,825,001 Shares	<b>Funds raised</b>	\$9,186,000	\$18,372,000	36,744,000
	<b>10% Voting Dilution</b>	15,310,000 Shares	15,310,000 Shares	15,310,000 Shares
100% increase in current Variable A 153,100,002 Shares	<b>Funds raised</b>	\$12,248,000	\$24,496,000	\$48,992,001
	<b>10% Voting Dilution</b>	15,310,000 Shares	15,310,000 Shares	15,310,000 Shares

**The table has been prepared on the following assumptions:**

- (i) the Company issues the maximum number of Equity Securities available under the 10% Placement Facility;
  - (ii) no Listed Options (including any Listed Options issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities;
  - (iii) the 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%;
  - (iv) the table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
  - (v) the table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1;
  - (vi) the issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Listed Options, it is assumed that those Listed Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders; and
  - (vii) the issue price is \$0.16, being the closing price of the Shares on ASX on 26 October 2017.
- (e) The Company will only issue the Equity Securities during the 10% Placement Period.
- (f) The Company may seek to issue the Equity Securities to additional working capital to enable the Company to expand its business plans.

- (g) The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.
- (h) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the subscribers of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
  - (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
  - (ii) the effect of the issue of the Equity Securities on the control of the Company;
  - (iii) the financial situation and solvency of the Company; and
  - (iv) advice from corporate, financial and broking advisers (if applicable).
- (i) The subscribers under the 10% Placement Facility have not been determined as at the date of the Notice but may include existing substantial Shareholders and/or new Shareholders who are not a related party or an associate of a related party of the Company.
- (j) The Company has not previously obtained Shareholder approval under Listing Rule 7.1A.
- (k) A voting exclusion statement is included in the Notice for Resolution 5.
- (l) 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.

## 9. RESOLUTION 6 – ISSUE OF PERFORMANCE RIGHTS TO PETER FRANCIS MALONE OR HIS ASSOCIATE UNDER EQUITY INCENTIVE PLAN

### 9.1 General

Resolution 6 seeks Shareholder approval in accordance with Listing Rule 10.14 for the grant of 4,000,000 Performance Rights to Peter Francis Malone (**Mr Malone**), as a Director under the Company's Equity Incentive Plan (**Plan**).

The Board considers that this grant of Performance Rights to Mr Malone would be a cost effective and efficient reward for the Company to make to appropriately incentivise his continued performance, and is consistent with the strategic goals and targets of the Company.

Refer to Schedule 3 for a summary of the terms and conditions of the Plan.

The Performance Rights will be issued to Mr Malone pursuant to performance conditions and milestone dates as follows:

Tranche	Performance Condition	Milestone Date	Expiry Date	Number of Performance Rights
1.	5 day VWAP of more than \$0.34 per share	30 June 2019	30 June 2019	2,000,000
2.	5 day VWAP of more than	30 June 2020	30 June 2020	2,000,000

	\$0.51 per share			
			<b>Total</b>	<b>4,000,000</b>

If the performance condition of a Performance Right is satisfied prior to the relevant milestone date, the Performance Right will vest and one ordinary fully paid share will be issued for each Performance Right.

If the performance condition of a Performance Right is not achieved by the earlier of the milestone date or the expiry date then the Performance Right will lapse.

Resolution 6 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 6.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 6, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

The Directors other than Mr Malone recommend that Shareholders vote in favour of Resolution 6.

## 9.2 Section 208 of Corporations Act

In accordance with section 208 of the Corporations Act, to give a financial benefit to a related party, the Company must obtain Shareholder approval unless the giving of the financial benefit falls within an exception in sections 210 to 216 of the Corporations Act.

Mr Malone is a related party of the Company.

The Board considers that Shareholder approval under section 208 of the Corporations Act is not required as the exception in section 210 of the Corporations Act applies. The Board considers that the Performance Rights are issued to Mr Malone on terms that are reasonable given the circumstances of the Company and the circumstances of the responsibilities undertaken by Mr Malone.

## 9.3 Section 200B of Corporations Act

In accordance with section 200B of the Corporations Act, to give a benefit in connection with a person's retirement from an office, the Company must obtain Shareholder approval in the manner set out in section 200E of the Corporations Act.

Section 200B applies where the benefit is given to a person whose details are included in the Director's Report for the previous financial year. Mr Malone's details were included in the 2017 Director's Report.

The Performance Rights may vest after the termination of Mr Malone's position. The Board has formed the view should this occur, it may constitute a benefit in connection with Mr Malone's retirement from office. Therefore the Company seeks Shareholder approval for the issue of Performance Rights on the following terms.

Refer to Schedule 3 for the terms and conditions of the Plan.

## 9.4 Listing Rule 10.14

In accordance with Listing Rule 10.14, the Company must not permit a Director and any of his associates to acquire securities under an employee incentive scheme unless it obtains Shareholder approval.

Pursuant to Listing Rule 7.2, exception 14, as Shareholder approval is sought under Listing Rule 10.14, approval under Listing Rule 7.1 is not required.



## 9.5 Specific information required by Listing Rule 10.15

Information must be provided to Shareholders for the purposes of obtaining Shareholder approval as follows:

- (a) The Performance Rights will be granted to Mr Malone (and/or his nominee).
- (b) The maximum number of Performance Rights to be granted to Mr Malone (and/or his nominee) is 4,000,000,
- (c) Under the rules of the Plan, only Eligible Employees (which are determined by the Board) are entitled to participate in the Plan. Mr Malone is an eligible employee for these purposes.
- (d) The Performance Rights will be granted for nil consideration. Upon vesting one ordinary fully paid share will be issued for nil consideration for each Performance Right.
- (e) No securities have been issued under the Plan.
- (f) A voting exclusion statement is included in the Notice for Resolution 6.
- (g) No loan will be made to Mr Malone in relation to the acquisition of Performance Rights or Shares under the Plan.
- (h) The Company will grant the Performance Rights no later than 12 months after the date of the Meeting or such longer period of time as ASX allows.

## 10. RESOLUTION 7 – ISSUE OF PERFORMANCE RIGHTS TO LUKE JOHN MARTINO OR HIS ASSOCIATE UNDER EQUITY INCENTIVE PLAN

### 10.1 General

Resolution 7 seeks Shareholder approval in accordance with Listing Rule 10.14 for the grant of 400,000 Performance Rights to Luke John Martino (**Mr Martino**), as a Director under the Company's Equity Incentive Plan (**Plan**).

The Board considers that this grant of Performance Rights to Mr Martino would be a cost effective and efficient reward for the Company to make to appropriately incentivise his continued performance, and is consistent with the strategic goals and targets of the Company.

Refer to Schedule 3 for a summary of the terms and conditions of the Plan.

The Performance Rights will be issued to Mr Martino pursuant to performance conditions and milestone dates as follows:

Tranche	Performance Condition	Milestone Date	Expiry Date	Number of Performance Rights
3.	5 day VWAP of more than \$0.34 per share	30 June 2019	30 June 2019	200,000
4.	5 day VWAP of more than \$0.51 per share	30 June 2020	30 June 2020	200,000
			<b>Total</b>	<b>400,000</b>

If the performance condition of a Performance Right is satisfied prior to the relevant milestone date, the Performance Right will vest and one ordinary fully paid share will be issued for each Performance Right.

If the performance condition of a Performance Right is not achieved by the earlier of the milestone date or the expiry date then the Performance Right will lapse.

Resolution 7 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 7.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 7, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

The Directors other than Mr Martino recommend that Shareholders vote in favour of Resolution 7.

## 10.2 Section 208 of Corporations Act

In accordance with section 208 of the Corporations Act, to give a financial benefit to a related party, the Company must obtain Shareholder approval unless the giving of the financial benefit falls within an exception in sections 210 to 216 of the Corporations Act.

Mr Martino is a related party of the Company.

The Board considers that Shareholder approval under section 208 of the Corporations Act is not required as the exception in section 210 of the Corporations Act applies. The Board considers that the Performance Rights are issued to Mr Martino on terms that are reasonable given the circumstances of the Company and the circumstances of the responsibilities undertaken by Mr Martino.

## 10.3 Section 200B of Corporations Act

In accordance with section 200B of the Corporations Act, to give a benefit in connection with a person's retirement from an office, the Company must obtain Shareholder approval in the manner set out in section 200E of the Corporations Act.

Section 200B applies where the benefit is given to a person whose details are included in the Director's Report for the previous financial year. Mr Martino's details were included in the 2017 Director's Report.

The Performance Rights may vest after the termination of Mr Martino's position. The Board has formed the view should this occur, it may constitute a benefit in connection with Mr Martino's retirement from office. Therefore the Company seeks Shareholder approval for the issue of Performance Rights on the following terms.

Refer to Schedule 3 for the terms and conditions of the Plan.

## 10.4 Listing Rule 10.14

In accordance with Listing Rule 10.14, the Company must not permit a Director and any of his associates to acquire securities under an employee incentive scheme unless it obtains Shareholder approval.

Pursuant to Listing Rule 7.2, exception 14, as Shareholder approval is sought under Listing Rule 10.14, approval under Listing Rule 7.1 is not required.

## 10.5 Specific information required by Listing Rule 10.15

Information must be provided to Shareholders for the purposes of obtaining Shareholder approval as follows:

- (a) The Performance Rights will be granted to Mr Martino (and/or his nominee).
- (b) The maximum number of Performance Rights to be granted to Mr Martino (and/or his nominee) is 400,000.
- (c) Under the rules of the Plan, only Eligible Employees (which are determined by the Board) are entitled to participate in the Plan. Mr Martino is an eligible employee for these purposes.
- (d) The Performance Rights will be granted for nil consideration. Upon vesting one ordinary fully paid share will be issued for nil consideration for each Performance Share Right.
- (e) No securities have been issued under the Plan.
- (f) A voting exclusion statement is included in the Notice for Resolution 7.
- (g) No loan will be made to Mr Martino in relation to the acquisition of Performance Rights or Shares under the Plan.
- (h) The Company will grant the Performance Rights no later than 12 months after the date of the Meeting or such longer period of time as ASX allows.

## 11. RESOLUTION 8 – ISSUE OF PERFORMANCE RIGHTS TO DAVID JAMES HUMANN OR HIS ASSOCIATE UNDER EQUITY INCENTIVE PLAN

### 11.1 General

Resolution 8 seeks Shareholder approval in accordance with Listing Rule 10.14 for the grant of 400,000 Performance Rights to David James Humann (**Mr Humann**), as a Director under the Company's Equity Incentive Plan (**Plan**).

The Board considers that this grant of Performance Rights to Mr Humann would be a cost effective and efficient reward for the Company to make to appropriately incentivise his continued performance, and is consistent with the strategic goals and targets of the Company.

Refer to Schedule 3 for a summary of the terms and conditions of the Plan.

The Performance Rights will be issued to Mr Humann pursuant to performance conditions and milestone dates as follows:

Tranche	Performance Condition	Milestone Date	Expiry Date	Number of Performance Rights
5.	5 day VWAP of more than \$0.34 per share	30 June 2019	30 June 2019	200,000
6.	5 day VWAP of more than \$0.51 per share	30 June 2020	30 June 2020	200,000
			<b>Total</b>	<b>400,000</b>

If the performance condition of a Performance Right is satisfied prior to the relevant milestone date, the Performance Right will vest and one ordinary fully paid share will be issued for each Performance Right.

If the performance condition of a Performance Right is not achieved by the earlier of the milestone date or the expiry date then the Performance Right will lapse.

Resolution 8 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 8.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 8, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

The Directors other than Mr Humann recommend that Shareholders vote in favour of Resolution 8.

#### 11.2 Section 208 of Corporations Act

In accordance with section 208 of the Corporations Act, to give a financial benefit to a related party, the Company must obtain Shareholder approval unless the giving of the financial benefit falls within an exception in sections 210 to 216 of the Corporations Act.

Mr Humann is a related party of the Company.

The Board considers that Shareholder approval under section 208 of the Corporations Act is not required as the exception in section 210 of the Corporations Act applies. The Board considers that the Performance Rights are issued to Mr Humann on terms that are reasonable given the circumstances of the Company and the circumstances of the responsibilities undertaken by Mr Humann.

#### 11.3 Section 200B of Corporations Act

In accordance with section 200B of the Corporations Act, to give a benefit in connection with a person's retirement from an office, the Company must obtain Shareholder approval in the manner set out in section 200E of the Corporations Act.

Section 200B applies where the benefit is given to a person whose details are included in the Director's Report for the previous financial year. Mr Humann's details were included in the 2017 Director's Report.

The Performance Rights may vest after the termination of Mr Humann's position. The Board has formed the view should this occur, it may constitute a benefit in connection with Mr Humann's retirement from office. Therefore the Company seeks Shareholder approval for the issue of Performance Rights on the following terms.

Refer to Schedule 3 for the terms and conditions of the Plan.

#### 11.4 Listing Rule 10.14

In accordance with Listing Rule 10.14, the Company must not permit a Director and any of his associates to acquire securities under an employee incentive scheme unless it obtains Shareholder approval.

Pursuant to Listing Rule 7.2, exception 14, as Shareholder approval is sought under Listing Rule 10.14, approval under Listing Rule 7.1 is not required.

#### 11.5 Specific information required by Listing Rule 10.15

Information must be provided to Shareholders for the purposes of obtaining Shareholder approval as follows:

- (a) The Performance Rights will be granted to Mr Humann (and/or his nominee).
- (b) The maximum number of Performance Rights to be granted to Mr Humann (and/or his nominee) is 400,000.

- (c) Under the rules of the Plan, only Eligible Employees (which are determined by the Board) are entitled to participate in the Plan. Mr Humann is an eligible employee for these purposes.
- (d) The Performance Rights will be granted for nil consideration. Upon vesting one ordinary fully paid share will be issued for nil consideration for each Performance Right.
- (e) No securities have been issued under the Plan.
- (f) A voting exclusion statement is included in the Notice for Resolution 8.
- (g) No loan will be made to Mr Humann in relation to the acquisition of Performance Rights or Shares under the Plan.
- (h) The Company will grant the Performance Rights no later than 12 months after the date of the Meeting or such longer period of time as ASX allows.

## SCHEDULE 1: DEFINITIONS

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

**\$** means Australian Dollars.

**10% Placement Facility** has the meaning given in Section 8.1.

**10% Placement Period** has the meaning given in Section 8.2(f).

**Annual Report** means the Directors' Report, the Financial Report and the Auditor's Report in respect to the financial year ended 30 June 2017.

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

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

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

**Board** means the board of Directors.

**Chairman** means the person appointed to chair the Meeting, or any part of the Meeting, convened by the Notice.

**Closely Related Party** means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

**Company** means Skin Elements Limited (ACN 608 047 794).

**Constitution** means the constitution of the Company as at the commencement of the Meeting.

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

**Director** means a director of the Company.

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

**Equity Security** has the meaning given in the Listing Rules.

**Explanatory Memorandum** means the explanatory memorandum which forms part of the Notice.

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

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

**Listed Option** means an Option listed on ASX.

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

**Managing Director** means the managing director of the Company.

**McArthur Placement** has the meaning given in Section 7.1.

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

**Notice** means the notice of meeting which comprises of the notice, agenda, Explanatory Memorandum and Proxy Form.

**Office** means office as a Director.

**Option** means an option which entitles the holder to subscribe for one or more Shares.

**Plan** has the meaning given in Section 9.1.

**Proxy Form** means the proxy form attached to the Notice.

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

**Resolution** means a resolution contained in the Notice.

**Schedule** means a schedule to this Explanatory Memorandum.

**Section** means a section of this Explanatory Memorandum.

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

**Shareholder** means a shareholder of the Company.

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

**VWAP** means volume weighted average price.

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

## SCHEDULE 2: NOMINATION OF AUDITOR

26 October 2017

The Directors  
Skin Elements Limited  
7/36 Ord Street  
West Perth WA 6005

Dear Sirs,

### **NOMINATION OF AUDITOR**

For the purposes of section 328B(1) of the Corporations Act 2001, on behalf of Sovereign Equities Pty Ltd, a member of Skin Elements Limited ("**Company**"), I hereby nominate BDO Audit (WA) Pty Ltd for appointment as auditor of the Company at the Company's first annual general meeting.

Yours faithfully

Sovereign Equities Pty Ltd



Craig Piercy  
Director



## SCHEDULE 3: SUMMARY OF MATERIAL TERMS OF EQUITY INCENTIVE PLAN

	Item or Material Term	Summary of Material Term
<b>Plan Details</b>		
1.	Eligibility	Offers may be made at the Board's discretion to Directors, employees or contractors of the Company or any member of the Group or any other person that the Board determines to be eligible to receive a grant under the Plan.
2.	Types of securities	<p>The Plan provides flexibility for the Company to grant one or more of the following securities as incentives, subject to the terms of individual offers:</p> <ul style="list-style-type: none"> <li>• Performance Rights;</li> <li>• Options; and</li> <li>• Restricted Shares.</li> </ul> <p>Options are an entitlement to receive a Share upon satisfaction of applicable conditions and payment of an applicable exercise price.</p> <p>Performance Rights and Restricted Shares are an entitlement to receive a Share for no consideration upon satisfaction of applicable conditions.</p> <p>Unless otherwise specified in an offer document, the Board has the discretion to settle Performance Rights or Options with a cash equivalent payment.</p>
3.	Offers under the Plan	<p>The Board may make offers at its discretion and any offer documents must contain the information required by the Plan.</p> <p>The Board has the discretion to set the terms and conditions on which it will offer Performance Rights, Options and Restricted Shares in individual offer documents.</p> <p>Offers must be accepted by the offeree and can be made on an opt-in or opt-out basis.</p>
4.	Issue price	Unless the Board determines otherwise, no payment is required for a grant of a Performance Right, Option or Restricted Share under the Plan.
5.	Vesting	<p>Vesting of Performance Rights, Options and Restricted Shares under the Plan is subject to any vesting or performance conditions determined by the Board and specified in the offer document.</p> <p>Options must be exercised by the offeree and the offeree is required to pay the exercise price to be allocated Shares.</p> <p>Subject to the Plan and the terms of the specific offer document, any Performance Rights, Options or Restricted Shares will either lapse or be forfeited if the relevant vesting and performance conditions are not satisfied.</p>
6.	Number of incentives	Subject to the Plan, the number of Performance Rights, Options or Restricted Shares (if any) to be offered to an Eligible Participant from time to time will be determined by the Board in its discretion and in accordance with the Plan, any applicable law and the Listing Rules.
7.	Cessation of employment	Under the Plan, the Board has a broad discretion in relation to the treatment of entitlements on cessation of employment. It is intended

	Item or Material Term	Summary of Material Term
		that individual offer documents will provide more specific information on how the entitlements will be treated if the participant ceases employment or engagement with the Company or other member of the Group.
8.	Clawback and preventing inappropriate benefits	The Plan provides the Board with broad “clawback” powers if, amongst other things, the participant has acted fraudulently or dishonestly, engaged in gross misconduct or has acted in a manner that has brought the Company or its related bodies corporate into disrepute, or there is a material financial misstatement, or the Company is required or entitled under law or Company policy to reclaim remuneration from the participant, or the participant’s entitlements vest as a result of the fraud, dishonesty or breach of obligations of any other person and the Board is of the opinion that the incentives would not have otherwise vested.
9.	Change of control	The Board may determine that all or a specified number of a participant’s Performance Rights, Options or Restricted Shares will vest or cease to be subject to restrictions where there is a change of control event in accordance with the Plan Rules. It is intended that individual offer documents will provide more specific information on how the entitlements will be treated on a change of control.
10.	Participation in Rights Issues or Bonus Issues and reorganisation	<p>There are no participating rights or entitlements inherent in the Performance Rights or Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the same.</p> <p>If at any time the capital of the Company is reorganised, the terms of the Performance Rights, Options or Restricted Shares will be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.</p>
11.	Other terms	The Plan contains customary and usual terms for dealing with administration, variation, suspension and termination of the Plan.

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## LODGE YOUR VOTE

**ONLINE**  
www.linkmarketservices.com.au

**BY MAIL**  
Skin Elements Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia

**BY FAX**  
+61 2 9287 0309

**BY HAND**  
Link Market Services Limited  
1A Homebush Bay Drive, Rhodes NSW 2138

**ALL ENQUIRIES TO**  
Telephone: +61 1300 554 474



X99999999999

## PROXY FORM

I/We being a member(s) of Skin Elements Limited and entitled to attend and vote hereby appoint:

### APPOINT A PROXY

☐ the Chairman of the Meeting (mark box)

**OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **11:00am (WST) on Thursday, 30 November 2017 at 32 Ord Street, West Perth, Western Australia** (the **Meeting**) and at any postponement or adjournment of the Meeting.

**Important for Resolutions 1, 6-8:** If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1, 6-8, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).


**The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.**

### VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an ☒.

#### Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Mr Luke Martino as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Issue of Performance Rights to Peter Francis Malone or his Associate under the Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7 Issue of Performance Rights to Luke John Martino or his Associate under the Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Ratification of McArthur Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8 Issue of Performance Rights to David James Humann or his Associate under the Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

 \* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

SKN PRX1701C

## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

### DEFAULT TO CHAIRMAN OF THE MEETING

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

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in 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 A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

### LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:00am (WST) on Tuesday, 28 November 2017**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



#### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



#### BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

#### QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



#### BY MAIL

Skin Elements Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



#### BY FAX

+61 2 9287 0309



#### BY HAND

delivering it to Link Market Services Limited\*  
1A Homebush Bay Drive  
Rhodes NSW 2138

\* During business hours (Monday to Friday, 9:00am–5:00pm)



### COMMUNICATIONS PREFERENCE

We encourage you to receive all your shareholder communication via email. This communication method allows us to keep you informed without delay, is environmentally friendly and reduces print and mail costs.



#### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Communications' and click the first button to receive all communications electronically and enter your email address. To use the online facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**