

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 Friday, 30 November 2018 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 contact the Company by telephone on +61 8 6311 1900

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 Friday, 30 November 2018 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 28 November 2018 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 2018, 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.

NOTICE OF ANNUAL GENERAL MEETING

2. RESOLUTION 2 – RE-ELECTION OF MR PHIL GIGLIA 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 Listing Rule 14.5, article 13.2 of the Constitution and for all other purposes, Phil Giglia, Director, retires and being eligible is re-elected as a Director on the terms and conditions in the Explanatory Memorandum.”

3. RESOLUTION 3 – 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 in favour of this Resolution by or on behalf of:

- a. 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; or
- b. an 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

4. RESOLUTION 4 – ISSUE OF NEW LISTED OPTIONS

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 7.1 and for all other purposes, Shareholders approve the issue of up to 64,275,000 New Listed Options to the Legacy Option Holders on the terms and conditions in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- a. a person who may participate in the New Option Issue 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; or
- b. an 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.

NOTICE OF ANNUAL GENERAL MEETING

5. RESOLUTION 5 – ISSUE OF NEW LISTED OPTIONS TO PETER MALONE

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

“That, subject to Resolution 4 being passed, pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 10,130,780 New Listed Options to Peter Malone (or his nominee), on the terms and conditions in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- a. Peter Malone (or his nominee); or
- b. an associate of Peter Malone.

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 NEW LISTED OPTIONS TO LUKE MARTINO

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

“That, subject to Resolution 4 being passed, pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 1,250,000 New Listed Options to Luke Martino (or his nominee), on the terms and conditions in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- a. Luke Martino (or his nominee); or
- b. an associate of Luke Martino.

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.

NOTICE OF ANNUAL GENERAL MEETING

7. RESOLUTION 7 – ISSUE OF SHARES TO INDIAN OCEAN CORPORATE PTY LTD

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 10.11 and for all other purposes, Shareholders approve the issue of up to 425,000 Shares to Indian Ocean Corporate Pty Ltd (or its nominee) in consideration for corporate advisory services and on the terms and conditions in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- a. Indian Ocean Corporate Pty Ltd (or its nominee); or
- b. an associate of Indian Ocean Corporate Pty Ltd.

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.

8. RESOLUTION 8 – RATIFICATION OF PRIOR ISSUE OF SHARES TO MMR CORPORATE PTY LTD (AND ITS NOMINEES)

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 2,000,000 Shares to MMR Corporate Pty Ltd (and its nominees) in consideration for corporate advisory services and on the terms and conditions in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- a. MMR Corporate Pty Ltd or its nominees who participated in the issue; or
- b. an 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.

NOTICE OF ANNUAL GENERAL MEETING

9. RESOLUTION 9 – RATIFICATION OF JUNE 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 6,000,000 Shares and 1,500,000 June Options pursuant to the June Placement on the terms and conditions in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- a. a person who participated in the June Placement; or
- b. an 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.

10. RESOLUTION 10 – RATIFICATION OF OCTOBER 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 13,056,604 Shares and 3,264,151 October Options pursuant to the October Placement on the terms and conditions in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- a. a person who participated in the October Placement; or
- b. an 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.

Dated: 31 October 2018

By order of the Board

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 Friday, 30 November 2018 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 the Notice.

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 to the Company 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 received by the Company no later than 11.00am (WST) on Wednesday, 28 November 2018, being at least 48 hours before the Meeting.

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

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

A vote on Resolution 1 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.

EXPLANATORY MEMORANDUM

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 and:

- a. the person is appointed as a proxy that specifies the way the proxy is to vote on Resolution 1; 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 Resolution 1, but expressly authorises the Chairman to exercise the proxy even if Resolution 1 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 2018 Annual Report.

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

- a. discuss the 2018 Annual Report which is available online at skinelementslimited.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 2018 and 2019 annual general meetings, or at any other two subsequent successive annual general meetings.

EXPLANATORY MEMORANDUM

5. RESOLUTION 2 – RE-ELECTION OF MR PHIL GIGLIA AS DIRECTOR

Listing Rule 14.5 requires an election of directors to be held at each annual general meeting.

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 Phil Giglia retires by rotation and seeks re-election as Director.

Details of Phil Giglia'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 Giglia) recommend that Shareholders vote in favour of Resolution 2.

6. RESOLUTION 3 – APPROVAL OF 10% PLACEMENT FACILITY

6.1 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 6.2).

The Directors of the Company believe that Resolution 3 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

Resolution 3 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 3.

6.2 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.

EXPLANATORY MEMORANDUM

The Company, as at the date of the Notice, has on issue three quoted classes of Equity Securities:

- (i) Shares;
- (ii) SKNO Listed Options; and
- (iii) SKNOA Listed Options.

c. Formula for calculating 10% Placement Facility

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

(A x D) – E

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 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 143,907,590 Shares and therefore has a capacity to issue:

- (i) 21,586,138 Equity Securities under Listing Rule 7.1; and
- (ii) subject to Shareholder approval being sought under Resolution 3, 14,390,759 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.

EXPLANATORY MEMORANDUM

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),
(the **10% Placement Period**).

6.3 Effect of Resolution

The effect of Resolution 3 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.

6.4 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 3 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.

EXPLANATORY MEMORANDUM

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 100% as against the current market price.

| Variable 'A' in Listing Rule 7.1A.2 | | Dilution | | |
|--|---------------------|---|------------------------|--|
| | | \$0.030 50% decrease in Issue Price | \$0.059 Issue Price | \$0.118 100% increase in Issue Price |
| Current Variable A 143,907,590 Shares | 10% Voting Dilution | 14,390,759 Shares | 14,390,759 Shares | 14,390,759 Shares |
| | Funds raised | \$424,527 | \$849,054 | \$1,698,109 |
| 50% increase in current Variable A 215,861,385 Shares | 10% Voting Dilution | 21,586,139 Shares | 21,586,139 Shares | 21,586,139 Shares |
| | Funds raised | \$636,791 | \$1,273,582 | \$2,547,164 |
| 100% increase in current Variable A 287,815,180 Shares | 10% Voting Dilution | 28,781,518 Shares | 28,781,518 Shares | 28,781,518 Shares |
| | Funds raised | \$849,054 | \$1,698,109 | \$3,396,219 |

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.
- (vii) The issue price is \$0.059, being the closing price of the Shares on ASX on 22 October 2018.

EXPLANATORY MEMORANDUM

- e. The Company will only issue the Equity Securities during the 10% Placement Period. The approval under Resolution 3 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).
- f. The Company may seek to issue the Equity Securities for the following purposes:
 - (i) non-cash consideration for the acquisition of new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
 - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expense associated with such acquisition), continued development on the Company's current assets and/or general working capital.
- 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. Further, if the Company is successful in acquiring new resources assets or investments, it is likely that the subscribers under the 10% Placement Facility will be the vendors of the new resources assets or investments.
- k. In the 12 months preceding the date of the Meeting the Company issued a total of 82,275,876 Equity Securities which represent 58% of the total number of Equity Securities on issue at 30 November 2017. The Equity Securities issued in the preceding 12 months are as detailed in Schedule 2.
- l. A voting exclusion statement is included in the Notice for Resolution 3.
- m. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

6.5 Director Recommendation

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

EXPLANATORY MEMORANDUM

7. RESOLUTION 4 – ISSUE OF LISTED OPTIONS

7.1 Background

The following Options were issued to the vendors of SE Operations and investors in the Company's initial public offering:

- a. 15,746,617 SKNO Listed Options, with an exercise price of \$0.20 and expiry date of 31 October 2018; and
- b. 21,028,383 SKNOESC24 Listed Options, with an exercise price of \$0.20 and expiry date of 31 October 2018, **(20c Legacy Options)**; and
- c. 6,471,617 class SKNUOESC12 unlisted Options, with an exercise price of \$0.30 and expiry date of 30 November 2019; and
- d. 21,028,383 class SKNUOESC24 unlisted Options, with an exercise price of \$0.30 and expiry date of 30 November 2019, **(30c Legacy Options)**.

Together the 20c Legacy Options and the 30c Legacy Options are the "**Legacy Options**".

The Company wishes to reward the holders of the Legacy Options (**Legacy Option Holders**) for their support of the Company and incentivise them to continue to invest in the Company in the future.

Accordingly, the Company proposes to make an offer to the Legacy Option Holders for the issue of Listed Options exercisable at \$0.10 with an expiry date of 31 December 2020 (**New Listed Options**). The number of New Listed Options to be issued to the Legacy Option Holders will be one-for-one basis, and reduced based on the following ratio (**Movement Ratio**):

$$\frac{\text{Shareholding at the Expiry Date}}{\text{Shareholding at the Quotation Date}}$$

Whereby:

Expiry Date means the 20c Expiry Date or 30c Expiry Date (defined below), as applicable.

Quotation Date means 6 January 2017, being the date the Company's securities commenced official quotation

Shareholding means the number of Shares held by a Legal Option Holder.

The Legacy Option Holders will be offered New Listed Options as follows:

- a. one New Listed Option for every one 20c Legacy Option held on 31 October 2018 (**20c Expiry Date**) multiplied by the Movement Ratio; and
- b. one New Listed Option for every one 30c Legacy Option held on 30 November 2018 (**30c Expiry Date**) multiplied by the Movement Ratio.

Resolution 4 seeks Shareholder approval for the issue of up to 64,275,000 New Listed Option to the Legacy Options Holders (**New Option Issue**).

EXPLANATORY MEMORANDUM

Peter Malone and Luke Martino are Legacy Options Holders and will be offered New Listed Options under the New Option Issue. Approval to issue New Listed Options to those parties is sought pursuant to Resolutions 5 and 6.

The Board believes that Resolution 4 is in the best interests of the Company and its Shareholders and unanimously recommends that Shareholders vote in favour of this Resolution (but makes no recommendation regarding Resolutions 5 and 6).

Resolution 4 is an ordinary resolution.

7.2 Listing Rule 7.1

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

The effect of Resolution 4 will be to allow the Directors to issue the New Listed Options during the period of 3 months after the Meeting (or such longer period of time as ASX may in its discretion allow), without using the Company's 15% annual placement capacity.

7.3 Specific information required by Listing Rule 7.3

In accordance with Listing Rule 7.3, information is provided in relation to the Placement as follows:

- c. The maximum number of New Listed Options to be issued is 64,275,000.
- d. The New Listed Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- e. The New Listed Options will be issued for nil cash consideration.
- f. The New Listed Options will be issued to Legacy Option Holders that accept the offer to be issued New Listed Options. The New Listed Options will only be issued to Peter Malone and Luke Martino if Resolutions 5 and 6 are passed.
- g. The New Listed Options will be exercisable at \$0.10 with an expiry date of 31 December 2020 and the exercise of one New Listed Option will entitle the holder to one Share which will be issued on the same terms and conditions as the Company's existing Shares and will rank equally in all respects with the Company's existing Shares on issue. The Company will seek quotation of the New Listed Options on the ASX. A summary of the terms of the New Listed Options is set out in Schedule 3.
- h. No funds will be raised from the issue of the New Listed Options.
- i. The New Option Issue will occur on or around 1 December 2018.
- j. A voting exclusion statement is included in the Notice for Resolution 4.

7.4 Directors' Recommendation

The Directors recommend that Shareholders approve Resolution 4.

EXPLANATORY MEMORANDUM

8. RESOLUTIONS 5 AND 6 – ISSUE OF NEW LISTED OPTIONS TO DIRECTORS

8.1 General

In accordance with Listing Rule 10.11, Shareholder approval is required for the issue of Options to a related party. Peter Malone and Luke Martino are Directors and therefore related parties of the Company.

Peter Malone holds 5,065,390 20c Legacy Options and 5,065,390 30c Legacy Options.

Luke Martino holds 625,000 20c Legacy Options and 625,000 30c Legacy Options.

Subject to Shareholder approval of Resolution 4, the Company seeks to issue New Listed Options to the Directors (or their nominees) as follows:

- a. up to 10,130,780 New Listed Options to Peter Malone; and
- b. up to 1,250,000 New Listed Options to Luke Martino.

As Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required, in accordance with exception 14 of Listing Rule 7.2.

Resolutions 5 and 6 are ordinary resolutions.

The Chairman intends to exercise all available proxies in favour of Resolutions 5 and 6.

8.2 Listing Rule 10.11

In accordance with Listing Rule 10.11, the Company must not issue securities to a related party of the Company unless it obtains Shareholder approval.

Pursuant to Listing Rule 7.2, exception 14, the effect of passing Resolutions 5 and 6 will be to allow the Company to issue 64,275,000 New Listed Options to the Directors (and/or their nominees) without using up the Company's 15% placement capacity under Listing Rule 7.1.

8.3 Specific information required by Listing Rule 10.13

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

- a. The New Listed Options will be issued to the Directors (or their nominees).
- b. The number of New Listed Options to be issued to the Directors (or their nominees) is as follows:

| Director (or nominee) | Maximum No of New Listed Options |
|-----------------------|----------------------------------|
| Peter Malone | 10,130,780 |
| Luke Martino | 1,250,000 |

- c. The Options will be issued no later than one month after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).
- d. The New Listed Options will be issued for nil cash consideration and in the case of the holders of SKNOA Listed Options, in consideration for cancellation of their existing Options.
- e. The New Listed Options will be exercisable at \$0.10 with an expiry date of 31 December 2020 and the exercise of one New Listed Option will entitle the holder to one Share which will be issued on the same terms and conditions as the Company's existing Shares and will rank equally in all respects with the Company's existing Shares on issue. A summary of the terms of the New Listed Options is set out in Schedule 3.

EXPLANATORY MEMORANDUM

- f. No funds will be raised by the issue of the New Listed Options as they are being issued for nil cash consideration.
- g. A voting exclusion statement is included in the Notice for Resolutions 5 and 6.

9. RESOLUTION 7 – ISSUE OF SHARES TO INDIAN OCEAN CORPORATE PTY LTD

9.1 General

In accordance with Listing Rule 10.11, Shareholder approval is required for the issue of Shares to a related party. Luke Martino is a director of Indian Ocean Corporate Pty Ltd (**Indian Ocean**) and Indian Ocean is a related party of the Company.

The Company seeks to issue 425,000 Shares to Indian Ocean in lieu of corporate advisory fees pursuant to a corporate advisory services mandate between the Company and Indian Ocean dated 4 January 2017.

Subject to Shareholder approval of Resolution 425,000 Shares will be issued to Indian Ocean (or its nominee).

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 giving your express authorisation to allow 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.

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.

Luke Martino is a director of Indian Ocean and Indian Ocean is a related party of the Company.

The Board (other than Luke Martino) have formed the view that Shareholder approval under section 208 of the Corporations Act is not required for the proposed issue of the Shares as the exception in section 210 of the Corporations Act applies. The Shares are being issued in lieu of corporate advisory fees payable to Indian Ocean and on terms that would be reasonable in the circumstances if the Company and Indian Ocean were dealing at arm's length in accordance with section 210 of the Corporations Act.

9.3 Listing Rule 10.11

In accordance with Listing Rule 10.11, the Company must not issue securities to a related party of the Company unless it obtains Shareholder approval.

Pursuant to Listing Rule 7.2, exception 14, the effect of passing Resolution 7 will be to allow the Company to issue up to 425,000 Shares to Indian Ocean (or its nominee) without using up the Company's 15% placement capacity under Listing Rule 7.1.

EXPLANATORY MEMORANDUM

9.4 Specific information required by Listing Rule 10.13

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

- a. The Shares will be issued to Indian Ocean Corporate Pty Ltd (or its nominee).
- b. The maximum number of Shares to be issued to Indian Ocean (or its nominee) is 425,000.
- c. The Shares will be issued no later than one month after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).
- d. Luke Martino is a director of Indian Ocean and Indian Ocean is a related party of the Company.
- e. The Shares will be issued for nil cash consideration in lieu of corporate advisory fees pursuant to a corporate advisory services mandate between the Company and Indian Ocean dated 4 January 2017.
- f. The Shares will rank equally in all respects with the Company's existing Shares on issue.
- g. No funds will be raised from the issue of the Shares.
- h. A voting exclusion statement is included in the Notice for Resolution 7.

9.5 Directors recommendation

The Directors (other than Luke Martino) recommend that Shareholders vote in favour of Resolution 7.

10. RESOLUTION 8 – RATIFICATION OF PRIOR ISSUE OF SHARES TO MMR CORPORATE PTY LTD (AND ITS NOMINEES)

10.1 General

On 6 March 2018 the Company announced the appointment of MMR Corporate Pty Ltd as corporate advisors and transaction facilitators to work with the Company to source, secure and execute value accretive merger and acquisition opportunities in the global skincare, cosmetics and other complementary sectors. Pursuant to the engagement with MMR Corporate Pty Ltd the Company has issued 2,000,000 Shares with a further 2,000,000 Shares to be issued on successful completion of an acquisition. Resolution 8 seeks ratification for the 2,000,000 Shares that have been issued.

The 2,000,000 Shares were issued to MMR Corporate Pty Ltd's nominees as follows:

- a. 1,000,000 Shares to Union Pacific Investments Pty Ltd;
- b. 500,000 Shares to Jackmann Pty Ltd;
- c. 250,000 Shares to HJ & A Pty Ltd; and
- d. 250,000 Shares to Andrew Smith.

MMR Corporate Pty Ltd and its nominees are not related parties of the Company.

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.

EXPLANATORY MEMORANDUM

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 Placement did not breach Listing Rule 7.1.

The effect of passing Resolution 8 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 8 is an ordinary resolution.

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

10.2 Specific information required by Listing Rule 7.5

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

- a. 2,000,000 Shares were issued to MMR Corporate Pty Ltd's nominees on 6 March 2018 as follows:
 - (i) 1,000,000 Shares to Union Pacific Investments Pty Ltd;
 - (ii) 500,000 Shares to Jackmann Pty Ltd;
 - (iii) 250,000 Shares to HJ & A Pty Ltd; and
 - (iv) 250,000 Shares to Andrew Smith.
- b. The Shares were issued for nil cash consideration in consideration for corporate advisory services.
- c. The Shares were issued on the same terms and conditions as the Company's existing Shares.
- d. No funds were raised from the issue.
- e. A voting exclusion statement is included in the Notice for Resolution 8.

10.3 Director Recommendation

The Directors recommend that Shareholders vote in favour of this Resolution 8.

11. RESOLUTION 9 – RATIFICATION OF JUNE PLACEMENT

11.1 General

On 28 June 2018 the Company issued 6,000,000 Shares and 1,500,000 attaching options with an exercise price of \$0.10 and expiry date of 31 December 2020 (June Options) to raise \$150,000 (June Placement). The funds raised from the June Placement will be used for working capital to fund the Company's business development program.

None of the parties who participated in the June Placement are related parties of the Company.

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.

EXPLANATORY MEMORANDUM

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 Placement did not breach Listing Rule 7.1.

The effect of passing Resolution 9 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 9 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 9.

11.2 Specific information required by Listing Rule 7.5

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

a. 6,000,000 Shares and 1,500,000 attaching Options were issued on 28 June 2018 as follows:

| Name | Shares | June Options | \$ |
|---|------------------|------------------|------------------|
| Morris Alan Levitzke | 1,600,000 | 400,000 | \$40,000 |
| Jonathan Dixon & Wendy Cowan & Susan Dixon <Dixon Super Fund> | 200,000 | 50,000 | \$5,000 |
| James Owen Moses | 800,000 | 200,000 | \$20,000 |
| Union Pacific Investments Pty Ltd | 1,000,000 | 250,000 | \$25,000 |
| Chancery Holdings Pty Ltd <McKenzie No2 Super A/c> | 600,000 | 150,000 | \$15,000 |
| Kevin D'Souza | 500,000 | 125,000 | \$12,500 |
| Braunii Pty Ltd <Braun Family A/C> | 1,300,000 | 325,000 | \$32,500 |
| Total | 6,000,000 | 1,500,000 | \$150,000 |

- b. The Shares were issued at \$0.025 per Share. The June Options were issued as free attaching Options.
- c. The Shares were issued on the same terms and conditions as the Company's existing Shares. The June Options were issued with an exercise price of \$0.10 and expiry date of 31 December 2020. A summary of the terms of the June Options is set out in Schedule 3.
- d. The funds raised from the June Placement will be used for working capital to fund the Company's business development program.
- e. A voting exclusion statement is included in the Notice for Resolution 9.

11.3 Director Recommendation

The Directors recommend that Shareholders vote in favour of this Resolution 9.

EXPLANATORY MEMORANDUM

12. RESOLUTION 10 – RATIFICATION OF OCTOBER PLACEMENT

12.1 General

On 4 October 2018 the Company issued 13,056,604 Shares and 3,264,151 attaching options with an exercise price of \$0.10 and expiry date of 31 December 2020 (October Options) to raise \$340,000 (October Placement).

None of the parties who participated in the October Placement are related parties of the Company. The funds raised from the October Placement will be used for working capital to fund the Company's business development program.

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 Placement did not breach Listing Rule 7.1.

The effect of passing Resolution 10 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 10 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 10.

12.2 Specific information required by Listing Rule 7.5

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

a. 13,056,604 Shares and 3,264,151 attaching October Options were issued on 4 October 2018 as follows:

| Name | Price | Shares | Oct Options | \$ |
|--|----------|-------------------|------------------|------------------|
| Polarity B Pty Ltd | \$0.025 | 4,000,000 | 1,000,000 | \$100,000 |
| Meily Dahlia Eviana | \$0.0265 | 566,038 | 141,509 | \$15,000 |
| G&P Redfearn Investments Pty Ltd | \$0.0265 | 943,396 | 235,849 | \$25,000 |
| Platypus Investments Group Pty Ltd | \$0.0265 | 3,773,585 | 943,396 | \$100,000 |
| Gloucester & Portman Capital Pty Ltd (Client Holding A/C) | \$0.0265 | 3,773,585 | 943,396 | \$100,000 |
| Total | | 13,056,604 | 3,264,151 | \$340,000 |

- The Shares were issued at \$0.025 and \$0.0265 per Share as detailed above. The October Options were issued as free attaching Options.
- The Shares were issued on the same terms and conditions as the Company's existing Shares. The October Options were issued with an exercise price of \$0.10 and expiry date of 31 December 2020. A summary of the October Options is set out in Schedule 3.
- The funds raised from the October Placement will be used for working capital to fund the Company's business development program.
- A voting exclusion statement is included in the Notice for Resolution 10.

12.3 Director Recommendation

The Directors recommend that Shareholders vote in favour of this Resolution 10.

SCHEDULE 1: DEFINITIONS

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

\$ means Australian Dollars.

20c Legacy Options has the meaning given in Section 7.1.

20c Expiry Date has the meaning given in Section 7.1.

30c Legacy Options has the meaning given in Section 7.1.

30c Expiry Date has the meaning given in Section 7.1.

Annual Report means the Directors' Report, the Financial Report and the Auditor's Report in respect to the financial year ended 30 June 2018.

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.

Expiry Date has the meaning given in Section 7.1.

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

June Placement has the meaning given in Section 11.1.

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.

SCHEDULE 1: DEFINITIONS

June Options has the meaning given in Section 11.1.

Legacy Option Holders has the meaning given in Section 7.1.

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.

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

Movement Ratio has the meaning given in Section 7.1.

New Listed Options has the meaning given in Section 7.1.

New Option Issue has the meaning given in Section 7.1.

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

October Options has the meaning given in Section 12.1.

October Placement has the meaning given in Section 12.1.

Office means office as a Director.

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

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.

SE Operations means SE Operations Pty Ltd.

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

Shareholder means a shareholder of the Company.

Shareholding has the meaning given in Section 7.1.

SKNO Listed Options means Listed Options with ASX code SKNO with an exercise price of \$0.20 and expiring 31 October 2018.

SKNOA Listed Options means Listed Options with ASX code SKNOA with an exercise price of \$0.10 and expiring 31 December 2020.

Quotation Date has the meaning given in Section 7.1.

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: LISTING RULE 7.3A.6 DISCLOSURE

PART 1

| No. | Date of Issue | Number | Class | Persons to whom the securities were issued | Issue price (A\$) | Discount (if any) to market price on date of issue | Consideration |
|-----|---------------|-----------|---|--|-------------------|--|---|
| 1. | 6 March 2018 | 2,000,000 | Shares | The following nominees of MMR Corporate Pty Ltd: • Union Pacific Investments Pty Ltd; • Jackmann Pty Ltd; • HJ & A Pty Ltd; and • Andrew Smith. | nil | n/a | Non-cash consideration: Current value of non-cash consideration: \$118,000 (based on a Share price of \$0.059). |
| 2. | 6 March 2018 | 338,000 | Shares | Mandate Corporate Pty Ltd | nil | n/a | Non-cash consideration: Current value of non-cash consideration: \$19,942 (based on a Share price of \$0.059). |
| 3. | 6 March 2018 | 338,000 | Unquoted Options (\$0.22, 6 March 2020) | Mandate Corporate Pty Ltd | nil | n/a | Non-cash consideration: Current value of non-cash consideration: \$19,942 based on current share price of \$0.059 |
| 4. | 28 June 2018 | 6,000,000 | Shares | Morris Alan Levitzke Jonathan Dixon & Wendy Cowan & Susan Dixon <Dixon Super Fund> James Owen Moses Union Pacific Investments Pty Ltd Chancery Holdings Pty Ltd <McKenzie No2 Super A/C> Kevin D'Souza Braun Pty Ltd <Braun Family A/C> | \$0.025 | Market price of \$0.031 (80%) | Cash consideration: Amount spent, what spent on and intended use for remaining cash: \$150,000 Costs of the issue: \$9,000. Balance of funds used for working capital and to fund the Company's business development program. |

SCHEDULE 2: LISTING RULE 7.3A.6 DISCLOSURE

PART 1

| No. | Date of Issue | Number | Class | Persons to whom the securities were issued | Issue price (A\$) | Discount (if any) to market price on date of issue | Consideration |
|-----|----------------|------------|---|---|-------------------|--|--|
| 5. | 28 June 2018 | 1,500,000 | Unquoted Options | Morris Alan Levitzke Jonathan Dixon & Wendy Cowan & Susan Dixon <Dixon Super Fund> James Owen Moses Union Pacific Investments Pty | nil | n/a | <div>Non-cash consideration:</div> <div>Issued as free attaching options pursuant to the placement.</div> <div>Current value of non-cash consideration:</div> <div>SKNOA no trades – nil value</div> |
| 6. | 8 August 2018 | 43,026,501 | Shares | Eligible shareholders who participated in the non-renounceable pro rata entitlement offer. | \$0.025 | Market price of \$0.030 (83%) | <div>Cash consideration:</div> <div>\$1,075,663</div> <div>Amount spent, what spent on and intended use for remaining cash:</div> <div>\$138,297 costs of the issue. Balance of \$937,366 used for working capital and to fund the Company's business development program.</div> |
| 7. | 8 August 2018 | 10,756,626 | SKNOA Listed Options (\$0.10, 31 December 2020) | Eligible shareholders who participated in the non-renounceable pro rata entitlement offer. | nil | n/a | <div>Non-cash consideration:</div> <div>Issued as free attaching options pursuant to the entitlement offer.</div> <div>Current value of non-cash consideration:</div> <div>SKNOA – no trades - nil value</div> |
| 8. | 4 October 2018 | 4,000,000 | Shares | Polarity B Pty Ltd | \$0.025 | Market price of \$0.052 (48%) | <div>Cash consideration:</div> <div>\$100,000</div> <div>Amount spent, what spent on and intended use for remaining cash:</div> <div>\$6,000 costs of the issue. Balance of \$94,000 used for working capital and to fund the Company's business development program.</div> |

SCHEDULE 2: LISTING RULE 7.3A.6 DISCLOSURE

PART 1

| No. | Date of Issue | Number | Class | Persons to whom the securities were issued | Issue price (A\$) | Discount (if any) to market price on date of issue | Consideration |
|-----|----------------|-----------|---|---|--------------------------------|--|--|
| 9. | 4 October 2018 | 9,954,717 | Shares | Meily Dahlia Eviana G&P Redfeam Investments Pty Ltd Platypus Investments Group Pty Ltd Gloucester & Portman Capital Pty Ltd (Client Holding A/C) Gloucester & Portman Capital Pty Ltd | \$0.0265 | Market price of \$0.052 (53%) | Cash consideration: \$263,800 Amount spent, what spent on and intended use for remaining cash: \$15,828 costs of issue. Balance of \$247,972 used for working capital and to fund the Company's business development program. |
| 10. | 4 October 2018 | 873,353 | Shares | Ridgescan Pty Ltd | Deemed issue price of \$0.0340 | Market price of \$0.052 (53%) | Non-cash consideration: Issued as consideration for services pursuant to a consulting fee agreement. Current value of non-cash consideration: \$51,528 (based on a Share price of \$0.059). |
| 11. | 4 October 2018 | 1,000,000 | SKNOA Listed Options (\$0.10, 31 December 2020) | Polarity B Pty Ltd | nil | n/a | Non-cash consideration: Issued as free attaching options pursuant to the placement. Current value of non-cash consideration: SKNOA no trades – nil value |
| 12. | 4 October 2018 | 2,488,679 | SKNOA Listed Options (\$0.10, 31 December 2020) | Meily Dahlia Eviana G&P Redfeam Investments Pty Ltd Platypus Investments Group Pty Ltd Gloucester & Portman Capital Pty Ltd (Client Holding A/C) Gloucester & Portman Capital Pty Ltd | nil | n/a | Non-cash consideration: Issued as free attaching options pursuant to the placement. Current value of non-cash consideration: SKNOA no trades – nil value |

SCHEDULE 3: TERMS OF NEW LISTED OPTIONS, JUNE OPTIONS AND OCTOBER OPTIONS

A summary of the rights attaching to the New Listed Options, June Options and October Options (**Options**) is detailed below.

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (m), the amount payable upon exercise of each Option will be A\$0.10 (**Exercise Price**).

(c) **Expiry Date**

The expiry date of the Options is 5.00pm WST on 31 December 2020 (**Expiry Date**).

The Options may be exercised at any time prior to the Expiry Date (**Exercise Period**), in whole or in part, upon payment of the exercise price per Option. Options not exercised on or before the Expiry Date will expire and cease to carry any rights or benefits.

(d) **Transferable**

The Options are transferable.

(e) **Quotation**

The Company will apply for the quotation of the Options on ASX.

(f) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified by the Company (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by cheque or electronic funds transfer or other means of payment acceptable to the Company.

The Options may be exercised by the holder in whole or in part. The Notice of Exercise must state the number of Options exercised, the consequent number of Shares to be issued and the identity of the proposed allottee.

(g) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(h) **Timing and issue of Shares on exercise**

Within 15 business days of a Notice of Exercise being given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised, the Company will:

- (i) issue the Shares pursuant to the exercise of the Options; and
- (ii) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

SCHEDULE 3: TERMS OF NEW LISTED OPTIONS, JUNE OPTIONS AND OCTOBER OPTIONS

(i) **Shares issued on exercise**

Shares issued on exercise of Options rank equally with the then issued Shares of the Company.

(j) **Participation rights**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.

(k) **Adjustment for entitlement issue**

If the Company makes an issue of Shares pro rata to existing Shareholders (other than a bonus issue), there will be no adjustment of the Exercise Price of a Option or the number of Shares over which the Options are exercisable.

(l) **Adjustment for bonus issue of Shares**

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

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

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

(m) **Adjustment for reorganisation**

If there is any reorganisation of the issued share capital of the Company, the rights of the holder will be varied in accordance with the Listing Rules.

This page has been left blank for notes

This page has been left blank for notes



SKINELEMENTSLIMITED.COM

