

NANOLLOSE LIMITED
ACN 601 676 377

**NOTICE OF ANNUAL GENERAL MEETING
AND
EXPLANATORY STATEMENT**

**For the Annual General Meeting of Shareholders
to be held on Thursday 24th October 2019 at 4pm (WST)
at the offices of RSM, Level 32, 2 The Esplanade, Perth, Western Australia**

This is an important document. Please read it carefully.

***If you are unable to attend the Meeting, please complete the form of proxy enclosed
and return it in accordance with the instructions set out on that form.***

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TIME AND PLACE OF ANNUAL GENERAL MEETING AND HOW TO VOTE

Venue

The Annual General Meeting of the Company will be held at:

**Offices of RSM,
Level 32, 2 The Esplanade
Perth, Western Australia**

**Thursday, 24th October 2019
at 4pm (WST)**

How to Vote

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

Voting in Person

To vote in person, attend the Meeting on the date and at the place set out above. The Meeting will commence at 4pm (WST).

Voting by Proxy

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

Your proxy form must be received not later than 48 hours before the commencement of the Meeting.

Your proxy form is enclosed.

NANOLLOSE LIMITED
ACN 601 676 377

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Shareholders of Nanollose Limited will be held at the offices of RSM, Level 32, 2 The Esplanade, Perth, Western Australia on Thursday 24th October 2019 at 4pm (WST) for the purpose of transacting the following business.

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

AGENDA

GENERAL BUSINESS

ACCOUNTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2019 together with the declaration of the Directors, the Directors' Report, the remuneration report and the auditor's report.

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report in the Annual Report of the Company for the financial year ended 30 June 2019."

Voting exclusion:

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

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

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

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

RESOLUTION 2 – RE-ELECTION OF DIRECTOR – TERENCE WALSH

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

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

RESOLUTION 3 – RE-ELECTION OF DIRECTOR – HEIDI BEATTY

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

"That Heidi Beatty, being a Director of the Company appointed by the Directors during the year as an additional Director and holding office until this Meeting in accordance with rule 7.3(f) of the Constitution of the Company and, being eligible, offers herself for re-election, is hereby re-elected as a Director of the Company."

RESOLUTION 4 – APPROVAL OF ADDITIONAL PLACEMENT CAPACITY

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

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

Voting exclusion:

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of those persons. However, the Company need not disregard a vote if:

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

RESOLUTION 5 – ISSUE OF PERFORMANCE RIGHTS TO WAYNE BEST

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

"That for the purposes of Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, the Shareholders approve the issue of up to 2,000,000 Class C Performance Rights to Wayne Best, a director of the Company, or his nominee(s) on the terms set out in the Explanatory Statement."

Voting exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of Wayne Best, his nominees or an associate of that person. However, the Company need not disregard a vote cast on this Resolution 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 chair of the Meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

Restriction on proxy voting by key management personnel or closely related parties: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of key management personnel for the Company; or
 - (ii) a closely related party of such a member; and
 - (b) the appointment does not specify the way the proxy is to vote on this Resolution.
- However, the above prohibition does not apply if:
- (c) the proxy is the chair of the meeting provided the chair is not the related party the subject of the Resolution or is an associate of the related party; and

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

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

RESOLUTION 6 – ISSUE OF PERFORMANCE RIGHTS TO ALFIE GERMANO

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

"That for the purposes of Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, the Shareholders approve the issue of up to 2,000,000 Class C Performance Rights to Alfie Germano, a director of the Company, or his nominee(s) on the terms set out in the Explanatory Statement."

Voting exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of Alfie Germano, his nominees or an associate of that person. However, the Company need not disregard a vote cast on this Resolution 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 chair of the Meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

Restriction on proxy voting by key management personnel or closely related parties: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of key management personnel for the Company; or
 - (ii) a closely related party of such a member; and
 - (b) the appointment does not specify the way the proxy is to vote on this Resolution.
- However, the above prohibition does not apply if:
- (c) the proxy is the chair of the meeting provided the chair is not the related party the subject of the Resolution or is an associate of the related party; and
 - (d) the appointment expressly authorises the chair of the Meeting to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company.

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

RESOLUTION 7 – ISSUE OF PERFORMANCE RIGHTS TO GARY CASS

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

"That for the purposes of Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, the Shareholders approve the issue of up to 1,000,000 Class C Performance Rights to Gary Cass, a former director of the Company, or his nominee(s) on the terms set out in the Explanatory Statement."

Voting exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of Gary Cass, his nominees or an associate of that person. However, the Company need not disregard a vote cast on this Resolution 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 chair of the Meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

Restriction on proxy voting by key management personnel or closely related parties: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of key management personnel for the Company; or
 - (ii) a closely related party of such a member; and
 - (b) the appointment does not specify the way the proxy is to vote on this Resolution.
- However, the above prohibition does not apply if:
- (c) the proxy is the chair of the meeting provided the chair is not the related party the subject of the Resolution or is an associate of the related party; and
 - (d) the appointment expressly authorises the chair of the Meeting to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company.

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

OPTIONAL RESOLUTION 8 – SPILL RESOLUTION

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

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

- (a) the Company to hold another meeting of Shareholders within 90 days of the date of this Meeting (Spill Meeting); and*
- (b) all Vacating Directors to cease to hold office immediately before the end of the Spill Meeting; and*
- (c) resolutions to appoint persons to offices that will be vacated pursuant to paragraph (b) to be put to vote at the Spill Meeting."*

Voting exclusion:

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

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

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

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

VOTING AND PROXIES

1. A Shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a Shareholder of the Company.
2. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by the person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the chair of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
3. The chair of the Meeting will vote undirected proxies on, and in favour of, all of the proposed resolutions, including Resolutions 1, 5, 6 and 7. The proxy form expressly authorises the chair of the Meeting to exercise the proxy in relation to Resolutions 1, 5, 6 and 7 even though these resolutions are connected directly or indirectly with the remuneration of a member of key management personnel. Any undirected proxies held by a Director, any member of the key management personnel or any of their closely related parties (who are not the chair) will not be voted on Resolutions 1, 5, 6 and 7.
4. In accordance with Regulation 7.11.37 of the Corporations Act, the Directors have set a date to determine the identity of those entitled to attend and vote at the Meeting. The date is 22 October 2019 at 5.00pm (WST).
5. A proxy form is attached. If required it should be completed, signed and returned to the Company's registered office in accordance with the instructions on that form.

By order of the Board



Winton Willesee
Director

Dated: 16 September 2019

NANOLLOSE LIMITED
ACN 601 676 377

EXPLANATORY STATEMENT

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

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

1. FINANCIAL STATEMENTS AND REPORTS

The business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2019 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

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

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

Shareholders will be offered the following opportunities:

- (a) discuss the Annual Financial Report for the financial period ended 30 June 2019;
- (b) ask questions and make comment on the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit, preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

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

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' report contained in the annual financial report of the Company for the financial year ended 30 June 2019.

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

2.2 Voting Consequences

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

2.3 Previous voting results

At the Company's previous annual general meeting, the votes cast against the remuneration report considered at that annual general meeting were more than 25%. **Accordingly, the Spill Resolution will be relevant for this Meeting if at least 25% of the votes cast on the Remuneration Report resolution (Resolution 1) are voted against adoption of the Remuneration Report.** Such an against vote will constitute a second strike for the Company. Refer to Resolution 8 and Section 7 for further information.

The Company has taken significant steps in addressing the remuneration issues that arose from the previous year.

2.4 Steps to address remuneration issues

Since the 2018 annual general meeting, the Directors have sought to restructure the Board and reduce cash remuneration where applicable. Significant developments in this regard are:

- (a) as announced on 8 July 2019, a Board restructure has been undertaken by which Heidi Beatty has been appointed as an independent non-executive director. Ms Beatty is an experienced UK based director who brings considerable technical expertise and commercial knowledge of the nonwoven and hygiene markets;
- (b) as part of the restructure of the Board, on 8 July 2019 Mr Gary Cass stepped down from the Board where he performed the role of an executive director. Gary Cass as an inventor and founder will continue to focus on the development and commercialisation of the Nanollose technologies for textiles and other applications in his executive role as Chief Scientific Officer; and
- (c) from 1 September 2019 each of Wayne Best (Executive Chairman), Alfie Germano (Managing Director) and Gary Cass (Chief Scientific Officer) have reduced their cash remuneration in consideration of the issue of Class C Performance Rights. The issue of the Class C Performance Rights is conditional upon Shareholder approval and is the subject of Resolutions 5, 6 and 7. Wayne Best's cash remuneration reduced by \$60,000 per year (from \$225,000 per year to \$165,000 per year), Alfie Germano's cash remuneration reduced by \$60,000 per year (from \$225,000 per year to \$165,000 per year) and Gary Cass's cash remuneration reduced by \$30,000 per year (from \$160,000 per year to \$130,000 per year).

The remuneration policy of the Company is set out in the remuneration report of the Company's 2019 Annual Report.

2.5 Proxy restrictions

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

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

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

Key management personnel of the Company are the Directors and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's key management personnel for the financial year to 30 June 2019. Their closely related parties are defined in the Corporations Act, and include certain of their family members, dependants and companies they control.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – TERENCE WALSH

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

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

Mr Walsh is a non-executive director of the Company. Details of the qualifications and experience of Mr Walsh are set out in the 2019 Annual Report.

4. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – HEIDI BEATTY

Rule 7.3(f) of the Company's Constitution provides that any Director appointed by the Board as an additional Director holds office until the next following annual general meeting and is eligible for re-election at that meeting.

Ms Heidi Beatty was appointed by the Board as an additional Director on 8 July 2019.

Pursuant to rule 7.3(f) of the Company's Constitution, Ms Beatty holds office until this Meeting and, being eligible, offers herself for re-election as a Director of the Company.

Ms Beatty is a non-executive director of the Company. Details of the qualifications and expertise of Ms Beatty are set out in the 2019 Annual Report.

5. RESOLUTION 4 – APPROVAL OF ADDITIONAL PLACEMENT CAPACITY

5.1 General

Listing Rule 7.1 permits a listed entity to issue 15% of its issued capital without shareholder approval in a 12 month period, subject to a number of exceptions.

Listing Rule 7.1A permits eligible entities, which have obtained shareholder approval by special resolution, to issue Equity Securities up to an additional 10% of its issued capital by placements

over a 12 month period after the annual general meeting ("**Additional Placement Capacity**").

The Company seeks Shareholder approval under this Resolution to be able to issue Equity Securities under the Additional Placement Capacity. The exact number of Equity Securities to be issued is not fixed and will be determined in accordance the formula prescribed in Listing Rule 7.1A.2 (set out below).

5.2 Requirements of Listing Rule 7.1A

(a) Eligible entities

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.

(b) Shareholder approval

Shareholders must approve the Additional Placement Capacity by special resolution at the annual general meeting and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote. A resolution under Listing Rule 7.1A cannot be put at any other shareholder meeting.

(c) Equity Securities

Equity Securities issued under the Additional Placement Capacity must be in the same class as an existing class of Equity Securities of the Company that are quoted on ASX.

As at the date of this Notice, the Equity Securities that are quoted on ASX are fully paid ordinary Shares (NC6) and options with an exercise price of 30 cents and an expiry date of 31 December 2020 (NC60).

(d) Formula for calculating number of Equity Securities that may be issued under the Additional Placement Capacity

If this Resolution is passed, the Company may issue or agree to issue, during the 12 month period after this Meeting, the number of Equity Securities calculated in accordance with the following formula:

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

A	<p>The number of shares on issue 12 months before the date of issue or agreement:</p> <ul style="list-style-type: none">• plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;• plus the number of partly paid shares that became fully paid in the 12 months;• plus the number of fully paid shares issued in the 12 months with the approval of shareholders under Listing Rules 7.1 or 7.4;• less the number of fully paid shares cancelled in the 12 months.
D	10%

E	The number of Equity Securities issued or agreed to be issued under Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of shareholders under Listing Rules 7.1 or 7.4.
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(e) Interaction between Listing Rules 7.1 and 7.1A

The Additional Placement Capacity under Listing Rule 7.1A is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

The Company has 74,999,993 Shares on issue as at the date of this Notice. If all of the Resolutions in this Notice are passed, the Company will be permitted to issue (as at the date of this Notice):

- 11,249,999 Equity Securities under Listing Rule 7.1; and
- 7,499,999 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will be permitted to issue under Listing Rule 7.1A will be calculated at the date of issue or agreement to issue the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (as set out above).

The effect of this Resolution will be to allow the Company to issue securities under Listing Rule 7.1A without using the Company's placement capacity under Listing Rule 7.1.

5.3 Information for Shareholders as required by Listing Rule 7.3A

(a) Minimum price

The issue price of the new Equity Securities will be no lower than 75% of the volume weighted average price (VWAP) for securities in the relevant quoted class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- the date on which the price of the Equity Securities are to be issued is agreed; or
- if the Equity Securities are not issued within 5 Trading Days of the date above, the date on which the Equity Securities are issued.

(b) Risk of economic and voting dilution

If this Resolution is passed and the Company issues securities under the Additional Placement Capacity, existing Shareholders' voting power in the Company will be diluted.

There is the risk that:

- the market price for the Company's existing Equity Securities may be significantly lower on the date of issue of the new Equity Securities than on the date of the Meeting; and
- the new Equity Securities may be issued at a price that is at a discount to the market price of the Company's existing Equity Securities on the issue date,

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

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

The table also shows:

- 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 may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example a pro rata entitlement issue) or future placements under Listing Rule 7.1 that are approved by Shareholders in the future;
- two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price at 3 September 2019.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		4.5 cents 50% decrease in Issue Price	8.9 cents Issue Price	17.8 cents 100% increase in Issue Price
Current 74,999,993 Shares	10% Voting Dilution	7,499,999 Shares	7,499,999 Shares	7,499,999 Shares
	Funds raised	\$333,750	\$667,500	\$1,335,000
50% increase in Variable A 112,499,989 Shares	10% Voting Dilution	11,249,999 Shares	11,249,999 Shares	11,249,999 Shares
	Funds raised	\$500,625	\$1,001,250	\$2,002,500
100% increase in Variable A 149,999,986 Shares	10% Voting Dilution	14,999,999 Shares	14,999,999 Shares	14,999,999 Shares
	Funds raised	\$667,500	\$1,335,000	\$2,670,000

This table has been prepared on the following assumptions:

- The total number of Shares on issue at the date of this Notice is 74,999,993.
- The issue price is 8.9 cents, being the latest closing price of the Shares on ASX on 3 September 2019.
- The Company issues the maximum number of Equity Securities available under the Additional Placement Capacity.
- The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with Shareholder approval.
- No quoted Options (including any quoted Options issued under the Additional Placement Capacity) are exercised into Shares before the date of the issue of the Equity Securities.

- (vi) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional Placement Capacity, based on that Shareholder's holding at the date of the Meeting.
- (vii) 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.
- (viii) The issue of Equity Securities under the Additional Placement Capacity consists only of Shares. If the issue of Equity Securities includes quoted Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.

The Company's ability to issue securities under Listing Rule 7.1A is in addition to its ability to issue securities under Listing Rule 7.1.

(c) Placement Period

Shareholder approval of the Additional Placement Capacity under Listing Rule 7.1A is valid from 15 November 2019 (the date of this Meeting) and expires on the earlier of:

- 15 November 2020, which is 12 months after this Meeting; or
- the date that Shareholders approve a transaction under Listing Rule 11.1.2 (significant change to nature or scale of activities) or 11.2 (disposal of the main undertaking) (the "**Placement Period**").

The Company will only issue and allot new securities during the Placement Period. The approval will cease to be valid in the event that Shareholders' approve a transaction under Listing Rules 11.1.2 or 11.2.

(d) Purposes for which the new Equity Securities may be issued

The Company may seek to issue new Equity Securities for the following purposes:

- cash consideration to raise funds for the continued development on the Company's current assets, the acquisition of new assets or investments (including the expenses associated such acquisition) and for general working capital; or
- non-cash consideration for acquisition of new assets, investments or for the payment of goods or services or for the issue of Equity Securities associated with equity, debt or convertible security facilities that may be provided to the Company. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

(e) Allocation policy

The Company's allocation policy for the issue of new Equity Securities under the Additional Placement Capacity will depend on the market conditions existing at the time of the proposed issue. The allottees will be determined at the relevant time having regard to factors such as:

- the methods of raising funds that are available to the Company, including but not limited to, a placement or a rights issue;
- the effect of the issue of new securities on the control of the Company;
- the financial situation and solvency of the Company;

- advice from corporate, financial and broking advisers (as relevant).

As at the date of this Notice the allottees are not known but may include existing substantial Shareholders and/or new Shareholders. No allottee under the Additional Placement Capacity will be a related party or associate of a related party. Existing Shareholders may or may not be entitled to subscribe for any Equity Securities issued under the Additional Placement Capacity and it is possible that their shareholding will be diluted.

If the Additional Placement Capacity is used to acquire new assets or investments, then it is likely that the allottees will be the vendors of the new assets.

The Company will comply with the disclosure obligations under Listing Rule 7.1A.4 and 3.10.5A on the issue of any new securities.

(f) Details of Equity Securities issued under earlier placement capacity approval

The Company previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A at its annual general meeting held on 29 October 2018 ("**Previous Approval**").

The Company has not issued any Equity Securities either pursuant to the Previous Approval or during the 12 months preceding this Meeting.

(g) Voting exclusion

At the date of this Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in a proposed issue of Equity Securities under the proposed Additional Placement Capacity. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

6. RESOLUTIONS 5, 6 AND 7 – ISSUE OF PERFORMANCE RIGHTS TO WAYNE BEST, ALFIE GERMANO AND GARY CASS

6.1 Background

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

Resolutions 5, 6 and 7 seek Shareholder approval so that the Company may issue Class C Performance Rights as an incentive to Wayne Best and Alfie Germano, being 2 of the Directors and to Gary Cass, a former director and currently Chief Scientific Officer. Each of these 3 people are key executives of the Company. As set out below it is proposed to issue the Class C Performance Rights to the executives in consideration of a reduction in their cash remuneration.

Shareholder approval is required for the purposes of Chapter 2E of the Corporations Act (section 208) and Listing Rule 10.11 because each of Wayne Best and Alfie Germano as a Director is a related party of the Company and Gary Cass as a Director within the previous 6 months is a related party.

6.2 Chapter 2E of the Corporations Act - Related Party Transactions

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

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

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

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

Although each of Wayne Best, Alfie Germano and Gary Cass as executives will have their annual cash remuneration reduced upon the issue of the Class C Performance Rights, for the avoidance of doubt the Company proposes to obtain shareholder approval under Chapter 2E of the Corporations Act. For the purposes of this Explanatory Statement the value of the financial benefit will be taken to be the full value of the Performance Rights rather than offsetting the reduction in cash remuneration.

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

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

The related parties are Wayne Best (Resolution 5), Alfie Germano (Resolution 6) and Gary Cass (Resolution 7) or their nominees.

- (b) *The nature of the financial benefit*

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

It is proposed to issue 2,000,000 Class C Performance Rights to Wayne Best, 2,000,000 Class C Performance Rights to Alfie Germano and 1,000,000 Class C Performance Rights to Gary Cass.

The terms of the Performance Rights including the performance condition is set out in Schedule 1. Upon conversion, each one Performance Right will convert into both one Share and one Option (exercise price 30 cents and expiry date 31 December 2020).

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

The purpose of the issue of the Performance Rights is to incentivise Wayne Best, Alfie Germano and Gary Cass as executives to continue to provide ongoing dedicated services to the Company and provide remuneration linked to the performance of the Company. The benefit will only be received upon the performance condition being satisfied. Further, the annual cash remuneration of the executives will be reduced upon the issue of the Performance Rights. The reductions to their respective base salaries will be \$60,000 per year for Wayne Best (from \$225,000 per year to \$165,000 per year), \$60,000 per year for Alfie Germano (from \$225,000 per year to \$165,000 per year) and \$30,000 per year for Gary Cass (from \$160,000 per year to \$130,000 per year).

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

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

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

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

Wayne Best abstains from making a recommendation as a Director to Shareholders on Resolution 5 as he has a material personal interest in the outcome as the recipient of the Performance Rights.

Alfie Germano abstains from making a recommendation as a Director to Shareholders on Resolution 6 as he has a material personal interest in the outcome as the recipient of the Performance Rights.

Gary Cass is not a Director of the Company.

(d) *Total remuneration package*

The remuneration received by Wayne Best upon the issue of the Performance Rights will be \$165,000 per year plus statutory superannuation.

The remuneration received by Alfie Germano upon the issue of the Performance Rights will be \$165,000 per year plus statutory superannuation.

The remuneration received by Gary Cass upon the issue of the Performance Rights will be \$130,000 per year plus statutory superannuation.

(e) *Existing relevant interests*

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

	Shares	Options	Performance Rights
Wayne Best	5,917,858	2,694,941 ¹	0
Alfie Germano	500,000	3,425,000 ²	500,000 ³
Gary Cass	5,142,857	2,476,191 ⁴	0

1. 1,404,465 Options are listed (NC60) with an exercise price of 30 cents and an expiry date of 31 December 2020 and 1,290,476 Options are unlisted with an exercise price of 30 cents and an expiry date of 31 December 2020.
2. 125,000 Options are listed (NC60) with an exercise price of 30 cents and an expiry date of 31 December 2020, 1,100,000 Options are unlisted with an exercise price of 25 cents and an expiry date of 30 September 2019, 1,100,000 Options are unlisted with an exercise price of 30 cents and an expiry date of 30 September 2020 and 1,100,000 Options are unlisted with an exercise price of 40 cents and an expiry date of 30 September 2021.
3. The Performance Rights convert upon the basis of 1 Share for each 1 Performance Right. The Class A Performance Rights have vested and may be converted at the election of the holder whilst the Class B Performance Rights convert upon Alfie Germano being engaged as the Managing Director for a period of 24 months after ASX listing.

4. 1,285,715 Options are listed (NC60) with an exercise price of 30 cents and an expiry date of 31 December 2020 and 1,190,476 Options are unlisted with an exercise price of 30 cents and an expiry date of 31 December 2020.

(f) *Dilution*

The passing of these Resolutions would have the effect of issuing Wayne Best, Alfie Germano and Gary Cass up to 5,000,000 Performance Rights.

If the Performance Rights vest, Shares and Options will issue which will have the effect of diluting the shareholding of existing Shareholders. If all the 5,000,000 Performance Rights vest so that 5,000,000 Shares are issued and subsequently a further 5,000,000 Shares are issued upon exercise of the 5,000,000 Options (which are themselves issued upon conversion of the Performance Rights), the effect would be to dilute the shareholding of the existing Shareholders by approximately 11.76% based on the total number of Shares on issue at the date of this Notice of 74,999,993.

(g) *Trading history*

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

	Closing Price	Date
Highest Price	14 cents	7 September 2018
Lowest Price	4.3 cents	26 June 2019
Latest Price	8.9 cents	3 September 2019

(h) *Performance Condition for the Performance Rights*

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

The Performance Rights vest on the achievement of either of the following milestones on or before 31 December 2020:

(i) Commercial Exploitation:

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

(ii) Takeover:

A Takeover Event occurs.

"*Takeover Event*" means a takeover bid for the Company pursuant to Chapter 6 of the Corporations Act where at least 50% of the holders of ordinary shareholders accept the bid and such bid is free of conditions or an Australian court grants orders approving a compromise or scheme of arrangement where the ordinary shares are either cancelled or

transferred to a third party (not a scheme of arrangement simply for the purposes of a corporate restructure).

The terms of the Performance Rights (including the conversion of one Performance Right into both one Share and one Option) are set out in Schedule 1.

(i) *Valuation of Performance Rights*

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

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

Input	Class C Performance Rights	Note
Number of Performance Rights	1	
Underlying share spot price	7.1 cents	1
Dividend rate	Nil	2
Risk free rate	0.69%	3
Volatility	98.92%	4
Life of the Performance Rights	15 months	5
Performance condition	Yes	6
Valuation Range	3.16c to 5.52c Midpoint is 4.34c	7

Note 1: The underlying share spot price used for the purpose of the valuation is based on the closing Share price of 7.1 cents on 14 August 2019.

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

Note 3: The risk free rate is based on the Commonwealth Government five year Treasury bond yield of 0.69% at 14 August 2019.

Note 4: The volatility was calculated from the Company's historical trading volatility over the last 12 months and is 98.92%

Note 5: The life of the Performance Rights has been assumed to be 15 months expiring on 31 December 2020, the final date for satisfaction of the condition.

Note 6: The performance condition is a commercial exploitation condition or Takeover Event as set out in the table above.

Note 7: a range of discounts rate to accommodate for the probability of the milestones being met were set at 30% to 60% to the undiscounted value of 7.89c

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

Number and Value* of Performance Rights	
	Class C Performance Rights
Wayne Best	2,000,000 Performance Rights – 4.34 cents each (\$86,800)
Alfie Germano	2,000,000 Performance Rights – 4.34 cents each (\$86,800)
Gary Cass	1,000,000 Performance Rights – 4.34 cents each (\$43,400)

**Based on midpoint value*

(j) *Other information*

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

6.3 Listing Rule 10.11

Listing Rule 10.11 requires a company to obtain shareholder approval prior to the issue of securities to a related party. If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

Listing Rule 7.1 provides, subject to certain exceptions, a listed company must not issue equity securities where the number of equity securities proposed to be issued represents more than 15% of the company's shares then on issue (or any additional 10% placement capacity under Listing Rule 7.1A) without the approval of shareholders.

In accordance with Listing Rule 10.13, the following information is provided to Shareholders:

- (a) The Performance Rights will be issued to Wayne Best or his nominee (Resolution 5), Alfie Germano or his nominee (Resolution 6) or Gary Cass or his nominee (Resolution 7).
- (b) The maximum number of securities the Company will issue is 2,000,000 Performance Rights to Wayne Best or his nominee (Resolution 5), 2,000,000 Performance Rights to Alfie Germano or his nominee (Resolution 6) and 1,000,000 Performance Rights to Gary Cass or his nominee (Resolution 7).
- (c) The Performance Rights will be issued no later than 1 month after the date of this Meeting (or a later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (d) Wayne Best and Alfie Germano as Directors and Gary Cass as a former director in the last 6 months are related parties.
- (e) No monetary consideration is payable for the issue of the Performance Rights and any resultant Shares. The terms of the Performance Rights are set out in Schedule 1. The terms include that, upon conversion, each one Performance Right will convert into both one Share and one Option (exercise price 30 cents and expiry date 31 December 2020). The full terms of the Options are set out in Schedule 1. The dilutionary effect of the issue of the Shares upon conversion of the Performance Rights and any subsequent issue of Shares upon exercise of the Options (which are themselves issued upon conversion of the Performance Rights) is set out in Section 6.2(f) above.

(f) There will be no funds raised from the issue of the Performance Rights.

7. OPTIONAL RESOLUTION 8 – SPILL RESOLUTION

7.1 Possible withdrawal

If less than 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report, the Chairman will withdraw Resolution 8.

7.2 General

The Corporations Act requirements for this Resolution to be put to vote are set out sections 250V and 250W.

The effect of this Resolution being passed by more than 50% of eligible votes cast in favour, is the Company will be required to hold another meeting of Shareholders within 90 days of the date of this Meeting ("**Spill Meeting**") and the Vacating Directors will cease to hold office immediately before the end of the Spill Meeting. These Vacating Directors may stand for re-election at the Spill Meeting.

The business of the Spill Meeting will be to put to the vote resolutions to appoint persons to offices vacated by the Vacating Directors. Following the Spill Meeting, those persons whose election or re-election as Directors is approved will be the Directors of the Company.

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

7.3 Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the voting restrictions set out in Section 2.5 apply in the same manner to this Resolution **other than the Chairman intends to vote all undirected proxies against this Resolution.**

7.4 Recommendation

The Directors unanimously recommend that Shareholders vote **against** this Resolution.

NANOLLOSE LIMITED
ACN 601 676 377

GLOSSARY

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

"Additional Placement Capacity" means the capacity to issue additional Equity Securities by way of placement approved by Shareholders under Listing Rule 7.1A.

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

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

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

"Chairman" means the chairman of the Company.

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

"Constitution" means the constitution of the Company.

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

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

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

"Existing Constitution" means the Constitution of the Company.

"Explanatory Statement" means this Explanatory Statement.

"Meeting" means the meeting convened by this Notice.

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

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

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

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

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

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

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

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

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

SCHEDULE 1

Terms of Class C Performance Rights (Resolutions 5, 6 and 7)

The terms of the Class C Performance Rights are:

1. (Vesting) The Performance Rights vest on the achievement of either of the following milestones on or before 31 December 2020:
 - (a) Commercial Exploitation:
 - (i) The Company enters into a commercial agreement or multiple agreements to exploit the Company's intellectual property via the licensing of the Company's intellectual properties and/or sales of products made from or related to the Company's microbial cellulose business; and
 - (ii) The Company receives \$1 million of gross revenue under that agreement or those agreements.
 - (b) Takeover:
 - (i) A Takeover Event occurs. A "*Takeover Event*" means a takeover bid for the Company pursuant to Chapter 6 of the Corporations Act where at least 50% of the holders of ordinary shares accept the bid and such bid is free of conditions or a court grants an order approving a compromise or scheme where the ordinary shares are either cancelled or transferred to a third party (not being a scheme of arrangement simply for the purposes of a corporate restructure).
2. (Conversion) Upon satisfaction of the relevant vesting condition, each Performance Right once vested will not automatically convert into one Share and Option and will only convert into one Share and one Option (exercise price 30 cents and 31 December 2020 expiry date) at the election of the holder following the process in paragraph 3. The full terms of the Options are set out below.
3. (Conversion Process) Pursuant to paragraph 2, a holder electing to convert the vested Performance Rights must give written notice to the Company of its election.
4. (No Consideration payable) No consideration is payable upon the vesting and conversion of the Performance Rights.
5. (No Voting rights) A Performance Right does not entitle a holder to vote on any resolutions proposed at a general meeting of Shareholders of the Company.
6. (No dividend rights) A Performance Right does not entitle a holder to any dividends.
7. (No rights on winding up) A Performance Right does not entitle the holder to participate in the surplus profits or assets of the Company upon winding up of the Company.
8. (Not transferable) A Performance Right is not transferable.
9. (Reorganisation of capital) If there is a reorganisation (including, without limitation, consolidation, sub-division, reduction or return) of the issued capital of the Company, the rights of a holder will be varied, as appropriate, in accordance with the Listing Rules which apply to reorganisation of capital at the time of the reorganisation.

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

then the Performance Rights will automatically lapse.

Terms of Options resulting from conversion of Performance Rights (Resolutions 5, 6 and 7)

The terms of the Options issued upon conversion of the Class C Performance Rights are:

1. Each Option gives the Option Holder the right to subscribe for one Share. To obtain the right given by each Option, the Option Holder must exercise the Options in accordance with the terms and conditions of the Options.
2. The Options will expire at 5.00pm (WST) on 31 December 2020 ("**Expiry Date**"). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
3. The amount payable upon exercise of each Option will be 30 cents ("**Exercise Price**").
4. The Options held by each Option Holder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion. Where less than 1,000 Options are held, all Options must be exercised together.
5. An Option Holder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (a) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (b) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised("Exercise Notice").
6. An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
7. Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
8. The Options are transferable.
9. All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
10. The Company reserves the right to apply for quotation of the Options on ASX.
11. If at any time the issued capital of the Company is reconstructed, all rights of an Option Holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
12. There are no participating rights or entitlements inherent in the Options and Option Holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any issue, the record date will be after the issue is announced. This will give Option Holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
13. Other than pursuant to paragraph 14, an Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

14. In the event the Company proceeds with a bonus issue of securities to Shareholders after the date of issue of the Options, the number of securities over which an Option is exercisable may be increased by the number of securities which the Option Holder would have received if the Option had been exercised before the record date for the bonus issue.

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If you are attending the meeting in person, please bring this with you for Securityholder registration.

Holder Number:

Vote by Proxy: NC6

Your proxy voting instruction must be received by **4.00pm (WST) Tuesday 22 October 2019**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

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

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



SUBMIT YOUR PROXY VOTE BY PAPER

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

YOUR NAME AND ADDRESS

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

VOTING UNDER STEP 1 - APPOINTING A PROXY

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. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

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

APPOINTMENT OF SECOND PROXY

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

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

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

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

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

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

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

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

CORPORATE REPRESENTATIVES

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

ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.



