



# Notice of Annual General Meeting CannPal Animal Therapeutics Limited

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**ABN** 88 612 791 518 ("the Company")

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**Date** Tuesday 26 November 2019

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**Time** 11.00 am

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**Venue** BDO, Level 11, 1 Margaret Street, Sydney NSW 2000

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## Notice of Annual General Meeting

Notice is hereby given of the Third Annual General Meeting of the Company to be held at BDO, Level 11, 1 Margaret Street, Sydney NSW 2000 on Tuesday 26 November 2019 commencing at 11am for the following purposes:

### Business of the Meeting

#### 1. Annual Financial Report

To receive and consider the Company's Annual Financial Report for the year ended 30 June 2019, and the reports of the Directors and Auditor.

#### 2. Remuneration Report

To receive and consider the Company's Remuneration Report for the year ended 30 June 2019, as contained within the Directors Report.

#### 3. Re-election of Director – Geoff Starr

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

*"That, for the purpose of clause 14.2 of the Constitution and for all other purposes, Geoff Starr, a Director, retires by rotation, and being eligible, is re-elected as a Director."*

#### 4. Approval of 10% Placement Capacity

To consider and, if thought fit, to pass the following resolution as a special resolution:

*"That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement."*

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who 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 that person (or those persons). However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, 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.

By order of the Board

A handwritten signature in black ink, appearing to read "Baden Bowen", written over a light grey rectangular background.

**Baden M Bowen**  
Company Secretary  
15 October 2019

## VOTING BY PROXY

- A Member has the right to appoint a proxy to attend and vote for the Member at the Meeting.
- The proxy need not be a Member of the Company.
- A Member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is entitled to exercise.
- The instrument appointing a proxy shall be in writing and signed by the appointor or his or her duly authorised attorney or, if the appointor is a corporation, either under seal or signed by two directors, or one director and company secretary, of the company. If signed under a power of attorney or other authorisation a certified copy of the power or attorney or other authorising document must accompany the proxy form.
- A Proxy Form accompanies this Notice. To be effective, Proxy Forms (duly completed and signed) must be received by the Company at its Share Registry's office no less than 48 business hours before the time of the general meeting – that is 11am on Sunday 24 November 2019.

To vote by proxy, you have the following options:

### 1. Online

At [www.investorvote.com.au](http://www.investorvote.com.au)

### 2. By mail

Share Registry  
Computershare Investor Services Pty Limited,  
GPO Box 242,  
Melbourne Victoria 3001,  
Australia

### 3. By fax

1800 783 447 (within Australia)  
+61 3 9473 2555 (outside Australia)

### 4. By mobile

Scan the QR Code on your proxy form and follow the prompts

### 5. Custodian

For Intermediary Online subscribers only (custodians) please visit

### 6. Voting

[www.intermediaryonline.com](http://www.intermediaryonline.com) to submit your voting intentions



# Explanatory Memorandum Meeting Tuesday 26 November 2019

The purpose of this Explanatory Memorandum is to provide all information that is reasonably necessary to enable the Members of the Company to determine how to vote on resolutions to be put to the General Meeting of the Company, to be held at 11am on Tuesday 26 November 2019 (the “meeting”).

## 1. Annual Financial Report

The Company’s Annual Financial Report for the year ended 30 June 2019, and the reports of the Directors and Auditor for the review and acceptance of the Members.

BDO has provided an unqualified report in its audit of the Company’s Annual Financial Report. The Company’s auditors, BDO will be available for any questions that the Members may have.

## 2. Remuneration Report

The Company’s Remuneration Report for the year ended 30 June 2019 is contained within the Directors Report for the review and acceptance of the Members.

## 3. Re-election of Director – Geoff Starr

### General

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting. Geoff Starr, who has served as a director since 21 April 2017, retires by rotation and seeks re-election.

### Independence

If elected the Board considers Geoff Starr will be an independent director.

### Board recommendation

The Board supports the re-election of Geoff Starr and recommends that shareholders vote in favour of Resolution 3.

## 4. Approval of 10% Placement Capacity

### 4.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity (as defined below) may seek shareholder approval by special resolution passed at an annual general meeting to have the capacity to issue up to that number of Equity Securities (as defined below) equal to 10% of its issued capital (10% Placement Capacity) without using that company’s existing 15% annual placement capacity granted under ASX Listing Rule 7.1.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- a) is not included in the S&P/ASX 300 Index; and
- b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

As at the date of this Notice, the Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index as it has a current market capitalisation that is less than \$300,000,000.

An Equity Security is a share, a unit in a trust, a right to a share or unit in a trust or option, an option over an issued or unissued security, a convertible security, or, any security that ASX decides to classify as an equity security.

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

As at the date of this Notice, the Company currently has one (1) class of quoted Equity Securities on issue, being the fully paid ordinary shares in the capital of the Company (Shares) (ASX Code: CP1).

If Shareholders approve Resolution 4, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

Resolution 4 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 4 for it to be passed.

#### **4.2 Technical information required by ASX Listing Rule 7.1A**

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 4:

##### **a) Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX 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 ASX trading days of the date in section (i), the date on which the Equity Securities are issued.

##### **b) Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- i) 12 months after the date of this Meeting; and
- ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

**(10% Placement Capacity Period).**

##### **c) Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 4 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table on the next page shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the closing market price of Shares (\$0.155) and the number of Equity Securities on issue as at 13 September 2019.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	\$0.0775 50% decrease in Issue Price	\$0.1550 Issue Price	\$0.2325 50% increase in Issue Price
<b>93,125,000</b> (Current Variable A)	Shares issued - 10% voting dilution	9,312,500 Shares	9,312,500 Shares	9,312,500 Shares
	Funds raised	\$721,719	\$1,443,438	\$2,165,156
<b>139,687,500</b> (50% increase in Variable A)	Shares issued - 10% voting dilution	13,968,750 Shares	13,968,750 Shares	13,968,750 Shares
	Funds raised	\$1,082,578	\$2,165,156	\$3,247,734
<b>186,250,000</b> (100% increase in Variable A)	Shares issued - 10% voting dilution	18,625,000 Shares	18,625,000 Shares	18,625,000 Shares
	Funds raised	\$1,443,438	\$2,886,875	\$4,330,312

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

The table above uses the following assumptions:

1. There are currently 93,125,000 Shares on issue as at the date of this Notice of Meeting:
2. The issue price set out above is the closing price of the Shares on the ASX on 13 September 2019.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. 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%.
9. 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 Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

**d) Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- i) as cash consideration in which case the Company intends to use funds raised for the acquisition of new assets and investments (including expenses associated with such acquisitions), continued research and development expenditure on the Company's current projects (funds would then be used for the project and ongoing project administration), general working capital etc; or
- ii) as non-cash consideration for the acquisition of new assets and investments and in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

**e) Allocation policy under the 10% Placement Capacity**

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- i) the purpose of the issue;
- ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- iii) the effect of the issue of the Equity Securities on the control of the Company;
- iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- v) prevailing market conditions; and
- vi) advice from corporate, financial and broking advisers (if applicable).

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

**f) Previous approval under ASX Listing Rule 7.1A**

The Company has not previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A.

**g) Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

- i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- ii) the information required by Listing Rule 3.10.5A for release to the market.

### **4.3 Voting Exclusion**

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 4.

END OF EXPLANATORY MEMORANDUM



## Need assistance?



**Phone:**

1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)



**Online:**

[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **11:00am (AEDT) Sunday, 24 November 2019.**

# Proxy Form

## How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

### APPOINTMENT OF PROXY

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### SIGNING INSTRUCTIONS FOR POSTAL FORMS

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

**Joint Holding:** Where the holding is in more than one name, all of the securityholders 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 form when you return it.

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

### ATTENDING THE MEETING

**If you are attending in person, please bring this form with you to assist registration.**

#### Corporate Representative

If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Appointment of Corporate Representative" prior to admission. A form may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

## Lodge your Proxy Form:

**XX**

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



**Control Number: 133142**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

# Proxy Form

Please mark  to indicate your directions

## Step 1 Appoint a Proxy to Vote on Your Behalf

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I/We being a member/s of CannPal Animal Therapeutics Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of CannPal Animal Therapeutics Limited to be held at BDO, Level 11, 1 Margaret Street, Sydney, New South Wales on Tuesday, 26 November 2019 at 11:00am (AEDT) and at any adjournment or postponement of that meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 2 (except where I/we have indicated a different voting intention in step 2) even though Resolution 2 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolution 2 by marking the appropriate box in step 2.

## Step 2 Items of Business

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

	For	Against	Abstain
2 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Director – Geoff Starr	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1  Securityholder 2  Securityholder 3  / /  
 Sole Director & Sole Company Secretary Director Director/Company Secretary Date

**Update your communication details** (Optional)

Mobile Number  Email Address  By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

