

SKIN ELEMENTS LIMITED
ACN 608 047 794
NOTICE OF ANNUAL GENERAL MEETING 2019

The Annual General Meeting of the Company will be held
at 32 Ord Street, West Perth, Western Australia
on Friday 29 November 2019 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 9486 4792***

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



NOTICE OF ANNUAL GENERAL MEETING 2019

**SKIN ELEMENTS LIMITED
ACN 608 047 794**

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, 29 November 2019 at **11.00 am (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 regulations 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 27 November 2019 at **11.00am (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 2019, 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

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

2. **RESOLUTION 2 - ISSUE OF PERFORMANCE SECURITIES TO PALMER WILSON ASSOCIATES LTD**

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

"That for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue to Palmer Wilson Associates Ltd:

- (a) 20,000,000 Performance Rights; and
- (b) upon the exercise of the Performance Rights, such number of Shares determined in accordance with the Performance Rights Terms and Conditions, and the resulting acquisition by Palmer Wilson Associates Ltd of a relevant interest in such Shares,

on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

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

- (a) Palmer Wilson Associates Ltd; or
- (b) an associate of Palmer Wilson Associates Ltd.

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 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.

3. **RESOLUTION 3 - ISSUE OF PERFORMANCE SECURITIES TO MR PETER MALONE**

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

"That for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue to Mr Peter Malone:

- (a) 27,000,000 Performance Rights; and
- (b) upon the exercise of the Performance Rights, such number of Shares determined in accordance with the Performance Rights Terms and Conditions, and the resulting acquisition by Mr Peter Malone of a relevant interest in such Shares,

on the terms and conditions set out in the Explanatory Memorandum."

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Voting Exclusion

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

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

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 Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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

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

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

4. RESOLUTION 4 - 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 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 Shares); or
- (b) an associate of that person (or those persons).

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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 Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. RESOLUTION 5 - 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 14.4, article 13.2 of the Constitution and for all other purposes, Mr Phil Giglia, Director, retires and being eligible is re-elected as a Director on the terms and conditions in the Explanatory Memorandum."

6. RESOLUTION 6 - APPROVAL OF DEBTHOLDER 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 7.1 and for all other purposes, Shareholders approve the issue of 1,942,879 Shares and 1,942,879 SKNOA Options 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) the Debtholders; or
- (b) an associate of that person (or those persons).

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 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.

7. RESOLUTION 7 - ISSUE OF SECURITIES TO LJM CAPITAL CORP 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:

- (a) 467,867 Shares; and
- (b) 467,867 SKNOA Options,

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to LJM Capital Corp Pty Ltd (or its 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) LJM Capital Corp Pty Ltd (or its nominee); or
- (b) an associate of LJM Capital Corp Pty Ltd.

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 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 - ISSUE OF SECURITIES TO COLOSSEUM SECURITIES 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:

- (a) 55,293 Shares; and
- (b) 55,293 SKNOA Options,

to Colosseum Securities Pty Ltd (or its 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) Colosseum Securities Pty Ltd (or its nominee); or
- (b) an associate of Colosseum Securities Pty Ltd.

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 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.

9. RESOLUTION 9 - ISSUE OF SECURITIES TO INDIAN OCEAN CONSULTING GROUP PTY LTD

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

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"That, pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 525,287 Shares and 525,287 SKNOA Options to Indian Ocean Consulting Group Pty Ltd (or its 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) Indian Ocean Consulting Group Pty Ltd (or its nominee); or
- (b) an associate of Indian Ocean Consulting Group Pty Ltd.

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 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 MAY 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 7,000,000 Shares to sophisticated investors 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 May Placement; or
- (b) an associate of that person (or those persons).

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 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.

11. RESOLUTION 11- 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 11,131,233 Shares and 5,565,625 SKNOA Options to sophisticated investors on the terms and conditions in the Explanatory Memorandum."

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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 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 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: 30 October 2019

By order of the Board



Craig Piercy
Company Secretary

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SKIN ELEMENTS LIMITED
ACN 608 047 794

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 29 November 2019 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.

This Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2:	Action to be taken by Shareholders
Section 3:	Annual Report
Section 4:	Resolution 1 – Remuneration Report
Section 5:	Overview of Resolutions 2 & 3 Issue of Performance Shares
Section 6:	Resolution 2 – Issue of performance securities to Palmer Wilson Associates Ltd
Section 7:	Resolution 3 – Issue of performance securities to Mr Peter Malone
Section 8:	Resolution 4 – Approval of 10% Placement Facility
Section 9:	Resolution 5 – Re-election of Mr Phil Giglia as Director
Section 10:	Resolution 6 - Approval of Debtholder Placement
Section 11:	Resolution 7 - Issue of securities to LJM Capital Corp Pty Ltd
Section 12:	Resolution 8 - Issue of securities to Colosseum Securities Pty Ltd
Section 13:	Resolution 9 - Issue of securities to Indian Ocean Consulting Group Pty Ltd
Section 14:	Resolution 10 - Ratification of May Placement
Section 15:	Resolution 11 - Ratification of June Placement
Schedule 1	Definitions
Schedule 2	Option Terms and Conditions
Schedule 3	Performance Right Terms and Conditions
Schedule 4	Listing Rule 7.3A.6 Disclosure

A Proxy Form is located at the end of the Explanatory Memorandum.

2. ACTION TO BE TAKEN BY SHAREHOLDERS

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

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2.1 Proxies

A Proxy Form is attached to 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 27 November 2019, 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.

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 Annual Report.

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

- (a) discuss the 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 2019 and 2020 annual general meetings, or at any other two subsequent successive annual general meetings.

5. OVERVIEW OF RESOLUTIONS 2 & 3 ISSUE OF PERFORMANCE SHARES

5.1 General

Skin Elements is incentivising the development of existing Australian and international distributor and online sales channels, and negotiations with major international customers for the sale and delivery of its proprietary expanded natural skincare and suncare product ranges.

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These major international customers include a major UK retail chemist chain, and the development of a major online retailer in the USA.

In this regard Skin Elements has engaged Palmer Wilson Associates Ltd to assist with securing these customers. Palmer Wilson Associates Ltd is a United Kingdom based specialist business development consultancy aimed at providing companies with cost effective solutions to developing market entry for brands in global markets, especially for the United Kingdom, Europe, Middle East and Asia.

For the key parties involved in these negotiations the Company is proposing to issue performance rights that will convert into shares upon Performance Milestones being achieved over a four year period to 31 December 2023, targeting total sales revenue of \$20,000,000.

Full details of the Performance Rights are set out in Schedule 3.

6. RESOLUTION 2 - ISSUE OF PERFORMANCE SECURITIES TO PALMER WILSON ASSOCIATES LTD

6.1 General

To incentivise Palmer Wilson Associates Ltd to successfully bring in sales for Skin Elements products, the Company proposes to issue to Palmer Wilson Associates Ltd (**PWA**):

- (a) 20,000,000 Performance Rights (the **PWA Performance Rights**); and
- (b) upon the exercise of the Performance Rights, such number of Shares determined in accordance with the Performance Rights Terms and Conditions, and the resulting acquisition by PWA of a relevant interest in such Shares (**PWA Shares**),

(together, the **PWA Securities**).

As set out in Schedule 3 Performance Rights Terms and Conditions, the PWA shares will be issued on the Company achieving the Performance Milestones of \$20,000,000 in sales revenue over a four year period.

If Shareholders approve Resolution 2, PWA will have a relevant interest in the following securities of the Company:

PWA	Existing Securities	New Securities	Total	Total if all PWA Performance Rights are exercised	% of Voting Rights
Shares	Nil	Nil	Nil	20,000,000	9.4%
Options	Nil	Nil	Nil	Nil	
Performance Rights	Nil	20,000,000	20,000,000	Nil	

Resolution 2 is an ordinary resolution.

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The Chairman will cast all available proxies in favour of Resolution 2.

6.2 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 2 will be to allow the Directors to issue the PWA Performance Rights 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.

6.3 Specific information required by Listing Rule 7.3

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

- (a) The PWA Securities will be issued to PWA.
- (b) The maximum number of Performance Rights to be issued to PWA is 20,000,000 and may be exercised for a maximum of 20,000,000 Shares. The actual number of Performance Rights that vest is dependent on the performance conditions detailed in Schedule 3.
- (c) The PWA Performance Rights will be issued no later than 3 months after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).
- (d) The PWA Securities will be issued for nil consideration.
- (e) The PWA Shares will rank equally in all respects with the Company's existing Shares on issue. The terms of the PWA Performance Rights are set out in Schedule 3.
- (f) A voting exclusion statement is included in the Notice for Resolution 2.

6.4 Directors' recommendations

The Directors unanimously recommend that Shareholders vote in favour of Resolution 2.

Subject to their fiduciary and statutory duties, each Director intends to vote in favour of Resolution 2 in respect of all of the Shares they hold or control.

7. RESOLUTION 3 - ISSUE OF PERFORMANCE SECURITIES TO MR PETER MALONE

7.1 General

To incentivise Peter Malone to successfully bring in sales for Skin Elements products, the Company proposes to issue to Mr Peter Malone:

- (a) 27,000,000 Performance Rights (the **Malone Performance Rights**); and
- (b) upon the exercise of the Performance Rights, such number of Shares determined in accordance with the Performance Rights Terms and Conditions, and the resulting

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acquisition by Mr Peter Malone of a relevant interest in such Shares (the **Malone Shares**),

(together, the **Malone Securities**).

As set out in Schedule 3 Performance Rights Terms and Conditions, the Malone shares will be issued on the Company achieving the Performance Milestones of \$20,000,000 in sales revenue over a four year period.

Mr Peter Malone is a Director and is therefore a related party of the Company for the purposes of Listing Rule 10.11 and section 208 of the Corporations Act.

If Shareholders approve Resolution 3, Mr Peter Malone will have a relevant interest in the following securities of the Company:

Mr Peter Malone	Existing Securities	New Securities	Total	Total if Peter Malone Performance Rights are exercised	Total of all Securities, if Options and Performance Rights are exercised
Shares	15,196,171	Nil	15,196,171	42,196,171 19.8% of voting rights	54,326,951 24.2% of voting rights
Options	11,397,128	Nil	11,397,128	11,397,128	Nil
Performance Rights	2,000,000	27,000,000	29,000,000	2,000,000	Nil

Resolution 3 is an ordinary resolution.

The Chairman will cast all available proxies in favour of Resolution 3.

7.2 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.

Peter Malone is the Executive Chairman of the Company and is therefore a related party of the Company.

The Board (other than Peter Malone) have formed the view that Shareholder approval under section 208 of the Corporations Act is not required for the proposed issue of the Malone Securities to Mr Peter Malone as the exception in section 211 of the Corporations Act applies. The Malone Securities will be issued as remuneration and on terms that are considered to be reasonable remuneration for the purposes of section 211 of the Corporations Act.

7.3 Listing Rule 10.11

Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party (such as Mr Peter Malone), or a person whose

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relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in Listing Rule 10.12 applies.

Pursuant to Listing Rule 7.2, exception 14, as Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required. Pursuant to Listing Rule 7.2, exception 14, the effect of passing Resolution 3 will be to allow the Company to issue up to 27,000,000 Performance Rights and 27,000,000 Shares to Mr Malone (and/or his nominees) without using up the Company's 15% placement capacity under Listing Rule 7.1.

7.4 Specific information required by Listing Rule 10.13

In accordance with Listing Rule 10.13, information regarding the issue of the Investor Securities is provided as follows:

- (a) The Malone Securities will be issued to Mr Peter Malone or his nominee.
- (b) The maximum number of Performance Rights to be issued to Mr Peter Malone is 27,000,000 and may be exercised for a maximum of 27,000,000 Shares. The actual number of Performance Rights that vest is dependent on the performance conditions detailed in Schedule 3.
- (c) The Malone Performance Rights 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) Mr Peter Malone is a director of the Company.
- (e) The Malone Securities will be issued for nil consideration.
- (f) The Malone Shares will rank equally in all respects with the Company's existing Shares on issue. The terms of the Malone Performance Rights are set out in Schedule 3.
- (g) A voting exclusion statement is included in the Notice for Resolution 3.

7.5 Directors' recommendations

The Directors, other than Mr Peter Malone, unanimously recommend that Shareholders vote in favour of Resolution 3.

Subject to their fiduciary and statutory duties, each Director intends to vote in favour of Resolution 3 in respect of all of the Shares they hold or control.

8. RESOLUTION 4 - APPROVAL OF 10% PLACEMENT FACILITY

8.1 General

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

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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 7.2).

The Directors of the Company believe that Resolution 4 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

Resolution 4 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 4.

8.2 Listing Rule 7.1A

(a) Shareholder approval

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

(b) Equity Securities

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

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

- (i) SKN Shares; and
- (ii) SKNOA 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:

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

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- (ii) plus the number of partly paid shares that became fully paid in the 12 months;
- (iii) 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;
- (iv) less the number of fully paid shares cancelled in the 12 months.

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

D is 10%

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

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

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

At the date of the Notice, the Company has on issue 162,463,823 Shares and therefore has a capacity to issue:

- (i) 24,369,573 Equity Securities under Listing Rule 7.1; and
- (ii) subject to Shareholder approval being sought under Resolution 4, 16,246,382 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.

(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**

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

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

or such longer period if allowed by ASX,

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

8.3 Effect of Resolution

The effect of Resolution 4 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

8.4 Specific information required by Listing Rule 7.3A

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

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 4 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.

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- (c) The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable 'A' calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of the Notice.
- (d) The table also shows:
- (i) two examples where variable 'A' has increased, by 50% and 100%. Variable 'A' is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
 - (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.006 50% decrease in Issue Price	\$0.012 Issue Price	\$0.024 100% increase in Issue Price
Current Variable A 162,463,823 Shares	10% Voting Dilution	16,246,382 Shares	16,246,382 Shares	16,246,382 Shares
	Funds raised	\$97,478	\$194,957	\$389,913
50% increase in current Variable A 243,695,735 Shares	10% Voting Dilution	24,369,573 Shares	24,369,573 Shares	24,369,573 Shares
	Funds raised	\$146,217	\$292,435	\$584,870
100% increase in current Variable A 324,927,646 Shares	10% Voting Dilution	32,492,765 Shares	32,492,765 Shares	32,492,765 Shares
	Funds raised	\$194,957	\$389,913	\$779,826

The table has been prepared on the following assumptions:

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- (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 \$0.012, being the closing price of the Shares on ASX on 24 October 2019.
- (e) The Company will only issue the Equity Securities during the 10% Placement Period. The approval under Resolution 4 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 the 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 exploration and feasibility study expenditure 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

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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 business assets or investments, it is likely that the subscribers under the 10% Placement Facility will be the vendors of the new business assets or investments.
 - (k) In the 12 months preceding the date of the Meeting the Company issued a total of 18,556,233 Equity Securities which represent 13% of the total number of Equity Securities on issue at 30 November 2018. The Equity Securities issued in the preceding 12 months are as detailed in Schedule 5.
 - (l) A voting exclusion statement is included in the Notice for Resolution 4.
 - (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.

8.5 Director Recommendation

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

9. RESOLUTION 5 – 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 5 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.

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Resolution 5 is an ordinary resolution.

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

The Directors (excluding Mr Giglia) recommend that Shareholders vote in favour of Resolution 5.

10. RESOLUTION 6 - APPROVAL OF DEBTHOLDER PLACEMENT

10.1 General

The Debtholders are third party entities that have provided loan funds to the Company to assist with the Company's working capital costs.

The Company seeks Shareholder approval for the issue of 1,952,879 Shares (**Debtholder Placement Shares**) and 1,952,879 SKNOA Options (**Debtholder Placement Options**) to the Debtholders (in aggregate) in repayment for the funds loaned to the Company by them (**Debtholder Placement**).

The deemed issue price for each Debtholder Placement Share is \$0.15 and each Debtholder will receive one Debtholder Placement Option for each Debtholder Placement Share received. The issue price is to be wholly set off by the debt owed to each Debtholder.

The following table sets out the entities comprising the Debtholders, the amounts they have loaned to the Company, the interest accrued on each of the loaned amounts, and how many Debtholder Placement Shares and Debtholder Placement Options will be issued to each of them:

Debtholder	Loaned amount	Interest on loaned amount	Total debt	Number of Debtholder Placement Shares	Number of Debtholder Placement Options
Gloucester & Portman	\$24,000	\$3,840.00	\$27,840.00	185,600	185,600
Vijay Balagopal	\$12,000	\$1,920.00	\$13,920.00	92,800	92,800
Serenity Holding Pty Ltd	\$12,000	\$1,920.00	\$13,920.00	92,800	92,800
Steel Flex Pty Ltd	\$12,000	\$1,920.00	\$13,920.00	92,800	92,800
George Tennent	\$24,000	\$3,840.00	\$27,840.00	185,600	185,600
Beaverwood Pty Ltd	\$15,000	\$2,400.00	\$17,400.00	116,000	116,000
James Anne Holdings Pty Ltd	\$39,834	\$6,373	\$46,207	308,049	308,049
Boston Technology Management Pty Ltd	\$85,537.23	\$12,830.58	\$98,367.81	655,785	655,785
Blackridge Group Pty Ltd	\$29,145.01	\$4,371.75	\$33,516.76	223,445	223,445

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Debtholder	Loaned amount	Interest on loaned amount	Total debt	Number of Debtholder Placement Shares	Number of Debtholder Placement Options
Total	\$253,516.24	\$39,415.34	\$292,831.57	1,952,879	1,952,879

None of the Debtholders are a related party or an associate of a related party of the Company.

The Board believes that Resolution 6 is in the best interests of the Company and its Shareholders and unanimously recommend that Shareholders vote in favour of this Resolution.

Resolution 6 is an ordinary resolution.

10.2 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 6 will be to allow the Directors to issue the Placement Shares 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.

10.3 Specific information required by Listing Rule 7.3

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

- (a) The maximum number of Debtholder Placement Shares to be issued is 1,644,830.
- (b) The maximum number of Debtholder Placement Options to be issued is 1,644,830.
- (c) The Debtholder Placement Shares and Debtholder Placement 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).
- (d) The deemed issue price of the Debtholder Placement Shares is \$0.15 (to be wholly set off against the total debts owed by the Company to each Debtholder).
- (e) The issue price of the Debtholder Placement Options is nil.
- (f) The Debtholder Placement Shares and Debtholder Placement Options will be issued to Debtholders.
- (g) The Debtholder Placement Shares will be fully paid ordinary shares in the capital of the Company and 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.
- (h) The Debtholder Placement Options were issued pursuant to the SKNOA Option Terms and Conditions.

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- (i) A voting exclusion statement is included in the Notice for Resolution 6.

10.4 Directors' Recommendation

The Directors recommend that Shareholders approve Resolution 6.

11. RESOLUTION 7 - ISSUE OF SECURITIES TO LJM CAPITAL CORP PTY LTD

11.1 General

Resolution 7 seeks Shareholder approval for the purposes of Listing Rule 10.11 and for all other purposes, to issue 467,867 Shares and 467,867 SKNOA Options to LJM Capital Corp Pty Ltd.

LJM Capital Corp Pty Ltd is controlled by Mr Luke Martino (a person who was a director of the Company in the previous 6 months). LJM Capital Corp Pty Ltd is therefore a related party of the Company for the purposes of Listing Rule 10.11 and section 208 of the Corporations Act.

The securities to be issued pursuant to Resolution 7 are to be issued in consideration and settlement for unpaid director fees from financial year 2018, as reported in the 2019 Annual Report, provided by a non executive Director under a converting loan note.

If Shareholders approve Resolution 7, Mr Luke Martino will have a relevant interest in the following securities of the Company:

Mr Luke Martino	Existing Securities	New Securities	Total	% of voting rights
Shares	3,050,000	467,867	3,517,867	2.1%
Options	1,468,750	467,867	1,936,617	
Performance Rights	200,000	Nil	200,00	

In addition to the above, Mr Luke Martino also has a relevant interest in the securities to be issued in Resolution 9.

Resolution 7 is an ordinary resolution.

The Chairman will cast all available proxies in favour of Resolution 7.

11.2 Section 208 of Corporations Act

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

LJM Capital Corp Pty Ltd is controlled by Mr Luke Martino (a person who was a director of the Company in the previous 6 months). LJM Capital Corp Pty Ltd is therefore a related party of the Company for the purposes of Listing Rule 10.11 and section 208 of the Corporations Act.

The Board have formed the view that Shareholder approval under section 208 of the Corporations Act is not required for the proposed issue securities under Resolution 7 as the exception in section 211 of the Corporations Act applies.

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The securities being issued under Resolution 7 are being issued in consideration for unpaid director fees provided by a non executive Director on terms that are considered to be reasonable remuneration for the purposes of section 211 of the Corporations Act.

11.3 Listing Rule 10.11

Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party (such as Mr Luke Martino), or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in Listing Rule 10.12 applies.

Pursuant to Listing Rule 7.2, exception 14, as Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required.

11.4 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 maximum number of Shares to be issued to LJM Capital Corp Pty Ltd is 467,867.
- (b) The maximum number of SKNOA Options to be issued to LJM Capital Corp Pty Ltd is 467,867.
- (c) The securities to be issued pursuant to Resolution 7 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) LJM Capital Corp Pty Ltd is controlled by Mr Luke Martino (a person who was a director of the Company in the previous 6 months). LJM Capital Corp Pty Ltd is therefore a related party of the Company for the purposes of Listing Rule 10.11 and section 208 of the Corporations Act.
- (e) The securities to be issued pursuant to Resolution 7 will be issued for nil cash consideration in lieu of unpaid director fees provided as a non executive Director under a converting loan note.
- (f) No funds will be raised from the issue of Shares and SKNOA Options to LJM Capital Corp Pty Ltd.
- (g) The Shares to be issued pursuant to Resolution 7 will rank equally in all respects with the Company's existing Shares on issue.
- (h) The Shares issued upon exercise of the SKNOA Options to be issued pursuant to Resolution 7 will rank equally in all respects with the Company's existing Shares on issue.
- (i) Exercise of all of the SKNOA Options to be issued pursuant to Resolution 7 will raise A\$46,786.70.
- (j) A voting exclusion statement is included in the Notice for Resolution 7.

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11.5 Directors' recommendations

The Directors unanimously recommend that Shareholders vote in favour of Resolution 7.

12. RESOLUTION 8 - ISSUE OF SECURITIES TO COLOSSEUM SECURITIES PTY LTD**12.1 General**

Resolution 8 seeks Shareholder approval for the purposes of Listing Rule 10.11 and for all other purposes, to issue 55,293 Shares and 55,293 SKNOA Options to Colosseum Securities Pty Ltd.

Colosseum Securities Pty Ltd is controlled by Mr Phil Giglia, who is a director of the Company. Colosseum Securities Corp Pty Ltd is therefore a related party of the Company for the purposes of Listing Rule 10.11 and section 208 of the Corporations Act.

The securities to be issued pursuant to Resolution 8 are to be issued in consideration and settlement for unpaid director fees from financial year 2018, as reported in the 2019 Annual Report, provided by a non executive Director under a converting loan note.

If Shareholders approve Resolution 8, Mr Phil Giglia will have a relevant interest in the following securities of the Company:

Mr Phil Giglia	Existing Securities	New Securities	Total	% of voting rights
Shares	2,217,469	55,293	2,272,762	1.3%
Options	323,397	55,293	378,690	
Performance Rights	Nil	Nil	Nil	

Resolution 8 is an ordinary resolution.

The Chairman will cast all available proxies in favour of Resolution 8.

12.2 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.

Colosseum Securities Pty Ltd is controlled by Mr Phil Giglia, who is a director of the Company. Colosseum Securities Pty Ltd is therefore a related party of the Company for the purposes of Listing Rule 10.11 and section 208 of the Corporations Act.

The Board (other than Mr Phil Giglia) have formed the view that Shareholder approval under section 208 of the Corporations Act is not required for the proposed issue securities under Resolution 10 as the exception in section 211 of the Corporations Act applies.

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The securities being issued under Resolution 8 are being issued in consideration for unpaid director fees provided by a non executive Director on terms that are considered to be reasonable remuneration for the purposes of section 211 of the Corporations Act.

12.3 Listing Rule 10.11

Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party (such as Mr Phil Giglia), or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in Listing Rule 10.12 applies.

Pursuant to Listing Rule 7.2, exception 14, as Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required.

12.4 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 maximum number of Shares to be issued to Colosseum Securities Pty Ltd is 55,293.
- (b) The maximum number of SKNOA Options to be issued to Colosseum Securities Pty Ltd is 55,293.
- (c) The securities to be issued pursuant to Resolution 8 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) Colosseum Securities Pty Ltd is controlled by Mr Phil Giglia, who is a director of the Company. Colosseum Securities Pty Ltd is therefore a related party of the Company for the purposes of Listing Rule 10.11 and section 208 of the Corporations Act.
- (e) The securities to be issued pursuant to Resolution 8 will be issued for nil cash consideration in lieu of unpaid director fees provided by a non executive Director under a converting loan note.
- (f) No funds will be raised from the issue of Shares and SKNOA Options to Colosseum Securities Pty Ltd.
- (g) The Shares to be issued pursuant to Resolution 8 will rank equally in all respects with the Company's existing Shares on issue.
- (h) The Shares issued upon exercise of the SKNOA Options to be issued pursuant to Resolution 8 will rank equally in all respects with the Company's existing Shares on issue.
- (i) Exercise of all of the SKNOA Options to be issued pursuant to Resolution 8 will raise A\$5,529.30.
- (j) A voting exclusion statement is included in the Notice for Resolution 8.

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12.5 Directors' recommendations

The Directors, other than Mr Phil Giglia, unanimously recommend that Shareholders vote in favour of Resolution 8.

13. RESOLUTION 9- ISSUE OF SECURITIES TO INDIAN OCEAN CONSULTING GROUP PTY LTD**13.1 General**

Resolution 11 seeks Shareholder approval for the purposes of Listing Rule 10.11 and for all other purposes, to issue 525,287 Shares and 525,287 SKNOA Options to Indian Ocean Consulting Group Pty Ltd.

Indian Ocean is a related entity to Mr Luke Martino, a person who was a director of the Company in the previous 6 months, is therefore a related party of the Company for the purposes of Listing Rule 10.11 and section 208 of the Corporations Act.

The 525,287 Shares and 525,287 SKNOA Options are to be issued in consideration for unpaid professional accounting and corporate advisory services under a converting loan note.

If Shareholders approve Resolution 9, Mr Luke Martino will have a relevant interest in the following securities of the Company:

Mr Luke Martino	Existing Securities	New Securities	Total	% of voting rights
Shares	3,050,000	525,287	3,575,287	2.2%
Options	1,468,750	525,287	1,994,037	
Performance Rights	200,000	Nil	200,00	

In addition to the above, Mr Luke Martino also has a relevant interest in the securities to be issued in Resolution 7.

Resolution 9 is an ordinary resolution.

The Chairman will cast all available proxies in favour of Resolution 11.

13.2 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 (a person who was a director of the Company in the previous 6 months) is a director of Indian Ocean Consulting Group Pty Ltd, which means that Indian Ocean Consulting Group Pty Ltd is a related party of the Company.

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The Board have formed the view that Shareholder approval under section 208 of the Corporations Act is not required for the proposed issue securities under Resolution 9 as the exception in section 210 of the Corporations Act applies.

The securities being issued under Resolution 9 are being issued in consideration for unpaid professional accounting and corporate advisory services under a converting loan note to Indian Ocean Consulting Group Pty Ltd and on terms that would be reasonable in the circumstances if the Company and Indian Ocean Consulting Group Pty Ltd were dealing at arm's length in accordance with section 210 of the Corporations Act.

13.3 Listing Rule 10.11

Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party (such as Mr Luke Martino), or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in Listing Rule 10.12 applies.

Pursuant to Listing Rule 7.2, exception 14, as Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required.

13.4 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 maximum number of Shares to be issued to Indian Ocean Consulting Group Pty Ltd (or its nominee) is 525,287.
- (b) The maximum number of SKNOA Options to be issued to Indian Ocean Consulting Group Pty Ltd (or its nominee) is 525,287.
- (c) The securities to be issued pursuant to Resolution 9 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 (a person who was a director of the Company in the previous 6 months) is a director of Indian Ocean Consulting Group Pty Ltd, which means that Indian Ocean Consulting Group Pty Ltd is a related party of the Company.
- (e) The securities to be issued pursuant to Resolution 9 will be issued for nil cash consideration for unpaid professional accounting and corporate advisory services provided by Mr Luke Martino under a converting loan note.
- (f) No funds will be raised from the issue of Shares and SKNOA Options to Indian Ocean Consulting Group Pty Ltd.
- (g) The Shares to be issued pursuant to Resolution 9 will rank equally in all respects with the Company's existing Shares on issue.
- (h) The Shares issued upon exercise of the SKNOA Options to be issued pursuant to Resolution 9 will rank equally in all respects with the Company's existing Shares on issue.

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- (i) Exercise of all of the SKNOA Options to be issued pursuant to Resolution 9 will raise A\$52,528.70.
- (j) A voting exclusion statement is included in the Notice for Resolution 9.

13.5 Directors' recommendations

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

14. RESOLUTION 10 - RATIFICATION OF MAY PLACEMENT**14.1 General**

On 3 May 2019 the Company issued 7,000,000 Shares (**May Placement Shares**) to raise A\$140,000 (**May Placement**).

None of the parties who participated in the May Placement are related parties of the Company. The funds raised from the May Placement are being 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.

14.2 Specific information required by Listing Rule 7.5

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

- (a) 7,000,000 Shares were issued on 3 May 2019 to:

Debtholder	Cash Invested	Number of May Placement Shares
Michael John Walker	\$5,000	250,000
Mallum Trading Pty Ltd	\$5,000	250,000

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Debtholder	Cash Invested	Number of May Placement Shares
Ninety Three Pty Ltd	\$25,000	1,250,000
Group Seventy Three Pty Ltd	\$25,000	1,250,000
SAF Management Pty Ltd	\$28,000	1,400,000
Jordan Alexander Harrington	\$2,000	100,000
Flyhalf WA Pty Ltd	\$50,000	2,500,000
Total	\$140,000	7,000,000

- (b) The May Placement Shares were issued for \$0.02 each.
- (c) The May Placement Shares are fully paid ordinary Shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and rank equally in all respects with the existing Shares.
- (d) The funds raised from the May Placement are being used for working capital to fund the Company's business development program.

A voting exclusion statement is included in the Notice for Resolution 10.

14.3 Director Recommendation

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

15. RESOLUTION 11 - RATIFICATION OF JUNE PLACEMENT

15.1 General

On 14 June 2019 the Company issued 11,131,233 Shares (**June Placement Shares**) and 5,565,625 SKNOA Options (**June Placement Options**) to raise A\$311,675 (**June Placement**).

None of the parties who participated in the June Placement are related parties of the Company. The funds raised from the June Placement are being 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

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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 11 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 11 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 11.

15.2 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) 11,131,233 Shares and 5,565,625 SKNOA Options were issued on 14 June 2019 to:

Debtholder	Cash Invested	Number of June Placement Shares	Number of June Placement Options
Equities Services Pty Ltd	\$130,000	4,642,857	2,321,429
Ahamed Rizvi Wahid	\$700	25,000	12,500
George Tennent	\$5,000	178,571	89,286
Atta-Ur-Rehman Javaid	\$280	10,000	5,000
Robert David Haines & Amanda Haines	\$14,000	500,000	250,000
Mila Pty Ltd	\$14,000	500,000	250,000
Braunii Pty Ltd	\$22,000	785,714	392,857
James Moses	\$23,695	846,250	423,125
Chameleon Creative Pty Ltd	\$10,000	357,143	178,571
Xiaoyong Tan	\$2,000	71,429	35,714
David Thorn	\$10,000	357,143	178,571
World Wide Genetics Pty Ltd	\$5,000	178,571	89,286

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Debtholder	Cash Invested	Number of June Placement Shares	Number of June Placement Options
Kava Holdings Pty Ltd	\$5,000	178,571	89,286
10 Bolivianos Pty Ltd	\$20,000	714,286	357,143
Perpetual Capital Investments Pty Ltd	\$30,000	1,071,429	535,714
Avon Glen Pty Ltd	\$20,000	714,286	357,143
Total	\$311,675	11,131,250	5,565,625

- (b) The June Placement Shares were issued for \$0.028 each. One June Placement Option was issued for every two June Placement Shares issued, for nil consideration.
- (c) The June Placement Shares are fully paid ordinary Shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and rank equally in all respects with the existing Shares.
- (d) The June Placement Options were issued pursuant to the SKNOA Option Terms and Conditions.
- (e) The funds raised from the June Placement are being used for working capital to fund the Company's business development program.

A voting exclusion statement is included in the Notice for Resolution 11.

15.3 Director Recommendation

The Directors recommend that Shareholders vote in favour of this Resolution 11.

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SCHEDULE 1: DEFINITIONS

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

10% Placement Capacity has the meaning given in Section 8.1

10% Placement Period has the meaning given in Section 8.2

A\$ or \$ means Australian Dollars.

Annual Report means the Directors' Report, the Financial Report and the Auditor's Report in respect to the financial year ended 30 June 2019.

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

Constitution means the constitution of the Company.

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

Debtholders means, jointly:

- (a) Gloucester & Portman;
- (b) Vjijay Balagopal;
- (c) Serenity Holding Pty Ltd;
- (d) Steel Flex Pty Ltd;
- (e) George Tennent;
- (f) Beaverwood Pty Ltd;
- (g) Boston Technology Management Pty Ltd; and
- (h) Blackridge Group Pty Ltd,

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and **Debtholder** means any of them, severally.

Debtholder Options has the meaning given in Section 10.1.

Debtholder Placement has the meaning given in Section 10.1.

Debtholder Placement Shares has the meaning given in Section 10.1.

Director means a director of the Company.

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

Equity Security has the meaning given in the Listing Rules.

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

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

June Placement has the meaning given in Section 15.1.

June Placement Options has the meaning given in Section 15.1.

June Placement Shares has the meaning given in Section 15.1.

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.

Listing Rules means the listing rules of ASX.

Malone Performance Rights has the meaning given in Section 7.1.

Malone Securities has the meaning given in Section 7.1.

Malone Shares has the meaning given in Section 7.1.

Managing Director means the managing director of the Company.

May Placement has the meaning given in Section 14.1.

May Placement Shares has the meaning given in Section 14.1,

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

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

Performance Right means a performance right issued by the Company which, subject to the satisfaction of performance milestones, can be exercised into a Share on the Performance Right Terms and Conditions.

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Performance Right Terms and Conditions means the terms and conditions of the Performance Right in Schedule 3.

Proxy Form means the proxy form attached to the Notice.

PWA has the meaning given in Section 6.1.

PWA Performance Rights has the meaning given in Section 6.1.

PWA Securities has the meaning given in Section 6.1.

PWA Shares has the meaning given in Section 6.1.

Relevant Interest has the meaning given to it in sections 608 and 609 of the Corporations Act.

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

Resolution means a resolution contained in the Notice.

Schedule means a schedule to this Explanatory Memorandum.

Section means a section of this Explanatory Memorandum.

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

Shareholder means the holder of a Share.

SKNOA Option or Listed Option means an option which entitles the holder to subscribe for one Share in accordance with the terms and conditions in Schedule 2.

SKNOA Option Terms and Conditions means the terms and conditions of the SKNOA Options in Schedule 2.

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

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

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SCHEDULE 2: OPTION TERMS AND CONDITIONS

1. EXERCISE PRICE

- 1.1 Each Option shall have an exercise price of A\$0.10 (**Exercise Price**).

2. EXPIRY DATE

- 2.1 The expiry date of the Options is 5.00pm WST on 31 December 2020 (**Expiry Date**).
- 2.2 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.

3. EXERCISE OF OPTIONS

- 3.1 The Options may only be exercised during the Exercise Period.

4. OFFICIAL QUOTATION OF OPTIONS

- 4.1 The Company will apply for official quotation of the Options.

5. ENTITLEMENT

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

6. NOTICE OF EXERCISE

- 6.1 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.
- 6.2 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.

7. SHARES ISSUED ON EXERCISE

- 7.1 Shares issued on exercise of Options rank equally with the then Shares currently on issue.

8. OFFICIAL QUOTATION OF SHARES ON EXERCISE

- 8.1 Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Options.

9. TIMING OF ISSUE OF SHARES

- 9.1 Subject to paragraph 9.2, within 3 Business Days after the receipt of an Exercise Notice, given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised, the Company will allot and issue the Shares pursuant to the exercise of the Options and will, at the same time, issue a cleansing notice under section 708A(5) of the Corporations Act.

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9.2 If the Company is not then permitted to issue a cleansing notice under section 708A(5) of the Corporations Act, the Company must either:

- 9.2.1 issue a prospectus on the date that the Shares are issued under paragraph (a) above (in which case the date for issuing those Shares may be extended to not more than 25 Business Days after the receipt of the Exercise Notice, to allow the Company time to prepare that prospectus); or
- 9.2.2 issue a prospectus before the date that the Shares are issued under paragraph (a) above, provided that offers under that prospectus must still be open for acceptance on the date those Shares are issued,

in accordance with the requirements of section 708A(11) of the Corporations Act.

10. PARTICIPATION RIGHTS

10.1 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.

11. ADJUSTMENT FOR BONUS ISSUES OF SHARES

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

11.1.1 the number of Shares which must be issued on the exercise of an 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

11.1.2 no change will be made to the Exercise Price.

12. ADJUSTMENT FOR ENTITLEMENT ISSUE

12.1 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.

13. ADJUSTMENTS FOR REORGANISATION

13.1 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.

14. OPTIONS NOT TRANSFERABLE

14.1 The Options are non-transferable.

15. LODGEMENT INSTRUCTIONS

15.1 Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the Options with the appropriate remittance should be lodged at the Company's share registry.

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SCHEDULE 3: PERFORMANCE RIGHT TERMS AND CONDITIONS

1. DEFINITIONS

Unless the context otherwise requires:

Class Order means an instrument issued by ASIC that, among other things, exempts a person(s) from compliance with certain provisions of the Corporations Act, or other acts administered by ASIC.

Control has the meaning given in section 50AA of the Corporations Act.

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

Exercise Notice means a duly completed exercise notice of a Vested Performance Right signed by the Eligible Holder.

Exercise Period means the period from obtaining shareholder approval for issue of the Performance Rights to and including 31 December 2023 during which a Vested Performance Right may be exercised.

Holder means a holder of a Performance Rights.

Performance Condition has the meaning given in clause 2(a).

Performance Milestone has the meaning given in clause 2(a).

Performance Right means a right granted on the terms and conditions in this Schedule to be issued one Share.

Performance Right Share means, in respect of any Performance Right, the Share a Holder is entitled to subscribe for, or take a transfer of, by reason of the grant to him of that Performance Right, including any securities resulting from an adjustment made thereto pursuant to the terms and conditions of the Performance Right.

Peter Malone means Executive Chairman Mr Peter Francis Malone or his nominee.

PWA means Palmer Wilson Associates Ltd.

Relevant Interest has the meaning given in the Corporations Act.

Security Interest means any mortgage, pledge, charge, lien, encumbrance, assignment, security, interest, preferential right, set-off or any other security arrangement.

Securities Trading Policy means any policy established by the Company applicable to trading in securities of the Company.

Share means a fully paid ordinary share in the Company.

Shareholder means a holder of a Share.

Takeover Bid has the meaning given to that term in section 9 of the Corporations Act.

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Tranche A Performance Right means a Performance Right issued to PWA and Peter Malone which is subject to the relevant Performance Milestone described in clause 2(a).

Tranche B Performance Right means a Performance Right issued to PWA and Peter Malone which is subject to the relevant Performance Milestone described in clause 2(a).

Tranche C Performance Right means a Performance Right issued to PWA and Peter Malone which is subject to the relevant Performance Milestone described in clause 2(a).

Tranche D Performance Right means a Performance Right issued to PWA and Peter Malone which is subject to the relevant Performance Milestone described in clause 2(a).

Vested Performance Right means a Performance Right that has vested in the Holder of the Performance Right subject to the achievement of a Performance Milestone.

1. NUMBER OF PERFORMANCE RIGHTS AND ISSUE PRICE

(a) The Company will grant:

- (i) 20,000,000 Performance Rights to the Palmer Wilson Associates Ltd;
- (ii) 27,000,000 Performance Rights to Mr Peter Malone;

in each case for no cash consideration.

2. PERFORMANCE CONDITIONS

(a) A milestone measuring performance (**Performance Milestone**) must be achieved during the Exercise Period before any of the Performance Rights can vest and be exercised in accordance with the below table:

Tranche	Performance Milestone	PWA Performance Rights vested	Peter Malone Performance Rights vested
A	The Company receiving revenue from the sale of its products to an aggregate value of \$2,000,000.	2,000,000	2,700,000
B	The Company receiving revenue from the sale of its products to an aggregate value of \$6,000,000.	4,000,000	5,400,000
C	The Company receiving revenue from the sale of its products to an aggregate value of \$12,000,000.	6,000,000	8,100,000
D	The Company receiving revenue from the sale of its products to an aggregate value of \$20,000,000.	8,000,000	10,800,000

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- (b) The Board, in its sole discretion, will determine if Performance Milestones have been achieved by reference to the revenue reported in the Company's statutory accounts.
- (c) No Performance Rights will vest unless the Performance Milestone has been achieved during the Exercise Period.
- (d) The applicable Performance Rights shall immediately lapse and the Company shall notify the Holder of the same (however, any failure by the Company to make such notification will have no impact on the lapse of the applicable Performance Right(s)), if any Performance Milestone is not achieved by the 31 December 2023.

3. QUOTATION

The Performance Rights are not quoted. No application for the quotation of Performance Rights will be made by the Company.

4. EXERCISE OF VESTED PERFORMANCE RIGHTS

- (a) Subject to the remainder of this clause 4 and any adjustment prescribed hereby, a Vested Performance Right may be exercised at any time during the Exercise Period for that Vested Performance Right by giving the Company an Exercise Notice signed by the Holder.
- (b) The issue of Performance Right Shares to a Holder following the exercise of Vested Performance Rights is subject to such issue not contravening the Corporations Act, the Listing Rules, any Class Order on which the Company is reliant, any Securities Trading Policy or any other applicable law.
- (c) A Holder must exercise Vested Performance Rights in multiples of 1,000 or such other multiple as the Board determines unless the Holder exercises all Vested Performance Rights able to be exercised by the Holder at that time. The exercise by a Holder of only some of the Vested Performance Rights held by the Holder will not affect the Holder's right, during the relevant Exercise Period, to exercise at a later date Vested Performance Rights held by the Holder.
- (d) Following the exercise of Vested Performance Rights in accordance with clause 4(a), the Company must:
 - (i) issue the relevant number of Performance Right Shares to the Holder;
 - (ii) apply for official quotation on ASX of the Performance Right Shares within the period required by ASX; and
 - (iii) if required to enable the Performance Rights Shares to be freely tradeable, subject to clause 4(e), within 5 Business Days of the issue of the Performance Right Shares under clause 4(i), issue a cleansing notice under section 708A(5) of the Corporations Act.
- (e) If the Company is not permitted to issue a cleansing notice under section 708A(5) of the Corporations Act within the time required under clause 4(d)(iii), or for any reason that cleansing notice is not effective to enable the Performance Right Shares to be freely tradable, the Company must either:

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- (i) issue a prospectus on the date that the Performance Right Shares are issued (in which case the date for issuing those Performance Right Shares may be extended to not more than 25 Business Days after the exercise of the Vested Performance Rights, to allow the Company time to prepare that prospectus); or
 - (ii) issue a prospectus before the date that the Performance Right Shares are issued, provided that offers under that prospectus must still be open for acceptance on the date those Performance Right Shares are issued,
- in accordance with the requirements of section 708A(11) of the Corporations Act.
- (f) Subject to clause 5(c), if the Holder dies during the term of a Vested Performance Right, the Holder's legal personal representative shall stand in the place of the Holder for the purposes of clause 4(d), subject only to prior production to the Company of such evidence as would be required to permit the legal personal representative to become registered as a shareholder in respect of any Shares held by the Holder.
 - (g) From and including the date of issue to a Holder of any Performance Right Shares, the Holder must not sell or transfer those Performance Right Shares if to do so would be in breach of the insider trading provisions of the Corporations Act (Part 7.10 Division 3), section 707(3) of the Corporations Act, any other applicable law or any Securities Trading Policy.
 - (h) From and including the date of issue to a Holder of any Performance Right Shares the Holder shall:
 - (i) be the absolute indefeasible beneficial owner of those Performance Right Shares; and
 - (ii) subject to clause 4(g), the Corporations Act, the Listing Rules, any Securities Trading Policy, any Class Order on which the Company is relying or any other applicable law, be entitled to sell, transfer, dispose of, mortgage, pledge or otherwise deal with those Shares or any interest therein in every manner whatsoever.
 - (i) Subject to clause 4(f), where the Holder dies or becomes bankrupt the legal personal representative of the deceased Holder or the trustee in bankruptcy of the bankrupt Holder, as the case may be, shall be the only person recognised as being entitled to the Performance Right Shares issuable to the Holder.
 - (j) All Performance Right Shares will rank equally in all respects with all previously issued Shares at the time being on issue except as regards to any entitlements attaching to such Shares by reference to a record date that is prior to the date of issue of the Performance Right Shares.

5. LAPSE OF PERFORMANCE RIGHTS

Lapse of a Performance Right

- (a) An unvested Performance Right will lapse upon the earliest of the events specified in clauses 2(d) and clauses 5(b), 5(c) and 5(d) (if applicable to that class of Performance Right) occurring.

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Fraudulent or dishonest action

- (b) Unless the Board resolves otherwise, where, in the opinion of the Board, a Holder a Performance Right at any time:

- (i) acts or has acted fraudulently or dishonestly; or
- (ii) is in breach or has breached any of his or her obligations to the Company,

the Board may do one or more of the following:

- (iii) deem any unvested Performance Rights of the Holder to have immediately lapsed;
- (iv) deem all or any Performance Right Shares issued to the Holder on the exercise of Performance Rights to be forfeited, in which event the Holder will be deemed to either have:
 - (A) agreed to sell such Performance Right Shares to the Company pursuant to a share scheme buy-back (as defined in the Corporations Act) for no consideration; or
 - (B) appointed an officer of the Company as his or her agent to sell such Shares; and
 - (C) where any Performance Right Shares issued to the Holder on the exercise of Performance Rights have been sold by the Holder, require the Holder to pay all or part of the net proceeds of that sale to the Company.

Termination of the Distribution Agreement

- (c) Without prejudice to clause 5(b), unless the Board determines otherwise, if the Distribution Agreement is terminated for any reason, the Tranche A Performance Rights and Tranche B Performance Rights will lapse immediately.

Peter Malone Performance Rights

- (d) Without prejudice to clause 5(b) and unless the Board determines otherwise, if Mr Peter Malone ceases to be employed by the Company or is removed or ceases to hold a managerial or executive office (as defined in the Corporations Act) with the Company or a related body corporate (as defined in the Corporations Act), the Peter Malone Performance Rights will lapse immediately.

6. TRANSFER OF RIGHTS

Performance Rights may not be transferred, assigned or novated.

7. SECURITY INTEREST

Subject to clause 6, Holders must not grant a Security Interest in or over or otherwise dispose of or deal with any Performance Rights or any interest in them until the underlying Performance Right Shares are issued to that Holder, and any such Security Interest or disposal

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or dealing will not be recognised in any manner by the Company and shall at the election of the Board result in the Performance Rights being declared to lapse immediately.

8. DIVIDEND AND VOTING RIGHTS

Performance Rights will not confer upon the Holder the right to dividends or to vote as a Shareholder until the Vested Performance Rights have been exercised and the Performance Right Shares issued or transferred to the Holder.

9. PRO RATA ISSUE OF SECURITIES

- (a) If during the term of any Performance Right, the Company makes a pro rata issue of securities to the Shareholders by way of a rights issue, a Holder shall not be entitled to participate in the rights issue in respect of any Performance Rights, only issued Performance Right Shares.
- (b) A Holder will not be entitled to any adjustment to the number of Performance Right Shares he is entitled to or adjustment to any Performance Condition which is based, in whole or in part, upon the Company's share price, as a result of the Company undertaking a rights issue.

10. ADJUSTMENT FOR BONUS ISSUE

If, during the term of any Performance Right, securities are issued pro rata to Shareholders generally by way of bonus issue, the number of Performance Right Shares to which each Holder is then entitled, shall be increased by that number of securities which the Holder would have been issued if the Performance Rights then held by the Holder were exercised immediately prior to the record date for the bonus issue.

11. ADJUSTMENT FOR RECONSTRUCTION

In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company (not being a reconstruction referred to in clauses 9 and 10 above), the number of Performance Rights shall be reconstructed (as appropriate) in accordance with the Listing Rules (applying at that time) and in a manner which will not result in any additional benefits being conferred on a Holder which is not conferred on holders of Shares generally, but in all other respects the terms of exercise will remain unchanged.

12. ACCUMULATION OF ADJUSTMENTS

Clauses 9, 10 and 11 are cumulative and shall apply (without duplication) to successive issues, subdivisions, combinations, consolidations, distributions and any other events that require adjustment of the number of Shares or the number or kind of securities that can be acquired upon the exercise of Performance Rights.

13. PARTICIPATION IN NEW ISSUES

There are no participation rights or entitlements inherent in the Performance Rights and holders will not be entitled to participate in new issues of capital offered to the Company's shareholders during the currency of the Performance Rights.

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SCHEDULE 4: LISTING RULE 7.3A.6 DISCLOSURE

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	
							Non-cash consideration:	Consideration
1	20/12/2018	425,000	Shares	Indian Ocean Consulting Group Pty Ltd	nil	n/a	Non-cash consideration:	Issued in consideration for provision of corporate advisory services.
							Current value of non-cash consideration:	\$5,100 (based on a Share price of \$0.012).
2	2/5/2019	7,000,000	Shares	Michael John Waller Mallum Trading Pty Ltd Ninety Three Pty Ltd Group Seventy Three Pty Ltd SAF Management Pty Ltd Jordan Alexander Harrington Flyhalf W/A Pty Ltd	\$0.02	n/a	Cash consideration:	\$140,000.

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SCHEDULE 4: LISTING RULE 7.3A.6 DISCLOSURE

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
3	14/6/2019	11,131,250 5,565,625	Shares Options (SKNOA)	Equities Services Pty Ltd Ahamed Rizvi Wahid George Tennent Atta-Ur Rehman Javaid Robert David Haines & Amanda Haines Mila Pty Ltd Braunii Pty Ltd James Moses Chameleon Creative Pty Ltd Xiaoyong Tan David Thorn World Wide Genetics Pty Ltd Kava Holdings Pty Ltd 10 Bolivianos Pty Ltd Perpetual Capital Investments Pty Ltd Avon Glen Pty Ltd	nil	n/a	Cash consideration: \$311,675



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