

AZURE HEALTH TECHNOLOGY LIMITED

4 February 2020

ASX Markets Announcements
Australian Securities Exchange
Level 40, Central Park, 152-158 St Georges Terrace,
Perth WA 6000

SHAREHOLDERS' MEETING TO APPROVE THE ACQUISITION BY AZT OF INVICTUS, PROPOSED CAPITAL RAISING AND ASSOCIATED RESOLUTIONS

The Board of Azure Health Technology Limited (ASX:**AZT**) (**Company**) is pleased to announce that a meeting of shareholders will be held at Suite 3, Level 45, 19-29 Martin Place Sydney NSW 2000 at 10:00 am (Sydney time) on Friday 6 March 2020 to consider the resolutions set out in the accompanying Notice of Meeting, Explanatory Memorandum, Independent Expert's Report and Valuation.

As set out in its announcement on 8 November 2019, the Company is proposing, subject to shareholder approval, to acquire 100% of the issued capital in Invictus Biopharma Limited (**Biopharma**), in return for equity (both shares and options) in AZT and the assumption of up to \$1.2million of Invictus' net liability to creditors and lenders (**Acquisition**). The Acquisition is in connection with a proposed relisting and capital raising of AZT (**Capital Raising**). For further details of the Acquisition shareholders are referred to the accompanying Explanatory Memorandum.

General Meeting

The proposed Acquisition of Invictus will constitute a change in the nature and scale of the Company's activities. Accordingly, the Company is required to obtain shareholder approval under Chapter 11 of the ASX Listing Rules as well as requiring the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules and obtain conditional approval from ASX to have its securities re-admitted to trading.

The attached Explanatory Memorandum sets out the information required to enable shareholders to consider the resolutions required to approve the change in activities, as arising from the Acquisition, the Capital Raising, the Consolidation (as defined below), and other associated business that results in the re-compliance listing of AZT on the ASX.

Consolidation of Shares

As part of the Acquisition and AZT's proposed re-compliance with Chapters 1 and 2 of the ASX Listing Rules, the Company proposes to consolidate its issued capital on the basis that every 2.57 shares be consolidated into 1 share (**Consolidation**), subject to shareholders' approval.

Capital Raising

As previously announced, the Company proposes to undertake a Capital Raising, under which AZT proposes to raise between AU\$7 million and AU\$10 million by way of a general public

AZURE HEALTH TECHNOLOGY LIMITED

offer under a prospectus by the issue of between 35 million and 50 million shares at \$0.20 per share. A prospectus for the capital raising was lodged with ASIC on 30 January 2020.

Indicative Timetable

An indicative timetable related to the Acquisition and associated transactions is set out below:

Particulars	Date
Announcement of the Consolidation using the ASX Appendix 3A.3 Despatch Notice of Meeting to AZT shareholders	Tuesday 4 February 2020
Lodge Prospectus with ASIC	Thursday 30 January 2020
Prospectus offer opens	Monday 24 February 2020
Hold the general meeting of AZT shareholders Announcement of the Effective Date for the Consolidation	Friday 6 March 2020
Effective Date of the Consolidation	Friday 6 March 2020
Last day trading in pre-consolidation securities	Monday 9 March 2020
Commencement date of trading in post-consolidation securities on a deferred settlement basis, if agreed by ASX	Tuesday 10 March 2020
Record Date Last day for the Company to register transfers on a pre-consolidation basis	Wednesday 11 March 2020
First day the Company updates its register and sends holding statements to security holders reflecting the change in the number of securities held	Thursday 12 March 2020
Last day the Company updates its register and sends holding statements to security holders reflecting the change in the number of securities held Notifying ASX that register update and holding statements despatch have occurred	Wednesday 18 March 2020
Trading starts on normal T+2 basis	Thursday 19 March 2020
First settlement of trades on deferred settlement basis and on normal T+2 basis	Monday 23 March 2020
Prospectus offer closes	Friday 27 March 2020
Completion of the Invictus Acquisition	Tuesday 31 March 2020
Expected issue and allotment of shares	Tuesday 31 March 2020
Expected despatch of holding statements	Tuesday 31 March 2020
Expected date of quotation of shares on ASX	Wednesday 1 April 2020

Please note that this timetable is indicative only and the Directors reserve the right to amend the timetable as required.

Proposed Capital Structure

The Table below provides a summary of the capital structure of the Company at the date of this Prospectus and upon completion of the Offer.

AZURE HEALTH TECHNOLOGY LIMITED

	Minimum Raise	%	Maximum Raise	%
Existing Shares on issue	179,998,449		179,998,449	
Existing Shares After Consolidation (2.57 for 1 consolidation)	70,000,000	50%	70,000,000	45%
New Shares to be issued under the Offer	35,000,000	25%	50,000,000	32%
New Shares to be issued to Invictus post Offer	35,000,000	25%	35,000,000	23%
Total Shares on issue at completion of Offers	140,000,000	100%	155,000,000	100%
Offer Price	\$0.20		\$0.20	
Indicative market capitalisation at the Offer Price	\$28,000,000		\$31,000,000	

Indicative Use of Funds

The Company intends to apply funds raised from the Offer as set out in the table below. The Board retains the right to vary the Uses of Funds, acting in the best interest of Shareholders and as the circumstances require.

Item	Minimum Raise A\$	Maximum Raise A\$
US Nutraceuticals	485,000	607,000
NAFLD Clinical Program	638,000	1,864,000
Pancreatic Cancer Preclinical programme	451,500	477,500
Costs of the Offer **	646,555	828,860
Existing Invictus Creditor repayments	1,119,632	1,119,632
Development of AHW Business	230,000	230,000
Repayment of existing Invictus Borrowings	250,406	250,406

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Additional Working Capital	3,178,907	4,622,602
Total	7,000,000	10,000,000

The above table is indicative only. Actual use of funds will depend on a variety of factors including the actual amount raised as part of the Capital Raising and various market conditions and the Company's progress and success in the implementation of its strategy following completion of the Acquisition and the Capital Raising.



Gregory Starr
DIRECTOR

AZURE HEALTH TECHNOLOGY LIMITED

ACN 111 082 485

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of the members of Azure Health Technology Limited (**AZT or Company**) will be held at Suite 3, Level 45, 19-29 Martin Place Sydney NSW 2000 at 10:00 am (Sydney time) on Friday 6 March 2020.

The Explanatory Memorandum to this Notice of Meeting provides additional information on matters to be considered at this General Meeting. The Explanatory Memorandum forms part of this Notice of Meeting.

Certain terms and abbreviations used in this Notice of Meeting and the Explanatory Memorandum are defined in the Glossary to the Explanatory Memorandum.

1. RESOLUTION 1 – CONSOLIDATION OF CAPITAL

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

‘That, subject to Resolutions 2 – 13 (inclusive) being passed, pursuant to section 254H of the Corporations Act and for all other purposes, with effect from the Effective Date as described in the Explanatory Memorandum, the issued capital of the Company be consolidated on the basis that every 2.57 Shares be consolidated into 1 Share.’

2. RESOLUTION 2 – APPROVAL OF CHANGE IN NATURE AND SCALE OF ACTIVITIES

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

‘That, subject to Resolutions 1 and 3 - 13 (inclusive) being passed, for the purpose of ASX Listing Rule 11.1.2, 11.1.3 and for all other purposes, the Company be authorised to make a significant change to the nature and scale of its activities by undertaking the transactions set out in the Explanatory Memorandum.’

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution 2 by or on behalf of:

- Invictus Biopharma Ltd;
- any shareholders of Invictus Biopharma Ltd; and
- any other person who will obtain a material benefit as a result of the transactions set out in the Explanatory Memorandum (except a benefit solely by reason of being a holder of ordinary securities in the Company),

and any associates of those persons listed above.

However, this does not apply to a vote cast in favour of the Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or

- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

3. RESOLUTION 3 – APPROVAL OF THE ACQUISITION OF INVICTUS BIOPHARMA LTD

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

‘That, subject to Resolutions 1-2 and 4-13 (inclusive) being passed, for the purpose of section 208 of the Corporations Act and for all other purposes, approval is given for the Company to acquire all the shares in the capital of Invictus Biopharma Ltd on the terms and conditions set out in the Explanatory Memorandum.’

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution 3 by or on behalf of:

- Dr Glenn Tong;
- KR and GT Nominees Pty Ltd;
- Invictus Biopharma Ltd;
- any shareholders of Invictus Biopharma Ltd; and
- any other person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed,

and any associates of those persons listed above.

However, this does not prevent the casting of a vote in favour of the Resolution if:

- it is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on this Resolution; and
- it is not cast on behalf of a related party or associate of this related party mentioned above.

4. RESOLUTION 4 – APPROVAL OF THE ISSUE OF SHARES UNDER THE OFFER

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

‘That, subject to Resolutions 1-3 and 5-13 (inclusive) being passed, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the issue of up to 50,000,000 Shares on a post consolidation basis at a price of \$0.20 per Share to investors under the Offer, on the terms and conditions set out in the Explanatory Memorandum.’

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution 4 by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue under this Resolution (except a benefit solely by reason of being a holder of ordinary securities in the Company), and any associates of those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

5. RESOLUTION 5 – APPROVAL OF THE ISSUE OF CONSIDERATION SHARES FOR THE INVICTUS ACQUISITION

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

‘That, subject to Resolutions 1-4 and 6-13 (inclusive) being passed, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the issue of up to 35,000,000 Shares on a post consolidation basis to the Invictus Shareholders as Consideration Shares, on the terms and conditions set out in the Explanatory Memorandum.’

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution 5 by or on behalf of:

- Invictus Biopharma Ltd;
- any shareholders of Invictus Biopharma Ltd; and
- any other person who will obtain a material benefit as a result of, the proposed issue under this Resolution (except a benefit solely by reason of being a holder of ordinary securities in the Company),

and any associates of those persons listed above.

However, this does not apply to a vote cast in favour of the Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or

- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

6. RESOLUTION 6 – APPROVAL OF THE ISSUE OF CONSIDERATION OPTIONS

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

‘That, subject to Resolutions 1-5 and 7-13 (inclusive) being passed, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the issue of up to 6,081,228 Options to the Invictus Employees as Consideration Options, on the terms and conditions set out in the Explanatory Memorandum.’

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution 6 by or on behalf of:

- Invictus Biopharma Ltd;
- The Invictus Employees and any employees of Invictus Biopharma Ltd; and
- any other person who will obtain a material benefit as a result of, the proposed issue under this Resolution (except a benefit solely by reason of being a holder of ordinary securities in the Company),

and any associates of those persons listed above.

However, this does not apply to a vote cast in favour of the Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

7. RESOLUTION 7 – APPROVAL OF EMPLOYEE SHARE OPTION PLAN

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

'That, for the purposes of ASX Listing Rule 7.2 Exception 13, sections 259B(2) and 260C(4) of the Corporations Act and for all other purposes, approval is given for the Employee Share Option Plan described in the Explanatory Memorandum and the issue of securities, grant of loans and taking of security under the Employee Share Option Plan.'

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution 7 by or on behalf of:

- the directors of the Company;
- proposed directors of the Company;
- the Company's KMP, as named in the Remuneration Report, or by any Closely Related Party of a member of the KMP acting as a proxy; and
- any person who is eligible to participate in the Employee Share Option Plan, and any associates of those persons listed above.

However, this does not apply to a vote cast in favour of the Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

8. RESOLUTION 8 – APPROVAL OF ISSUE OF OPTIONS TO MR LOU PANACCIO

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

'That, subject to Resolutions 1-7 and 9-13 (inclusive) being passed, for the purpose of ASX Listing Rule 10.14 and for all other purposes, the Shareholders approve the issue of up to 3,000,000 options to acquire Shares to Mr Lou Panaccio, a proposed Director, under the ESOP as part of his remuneration package, on the terms and conditions set out in the Explanatory Memorandum.'

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution 8 by or on behalf of:

- Mr Lou Panaccio; and

- any associate of Mr Lou Panaccio.

However, this does not apply to a vote cast in favour of the Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

9. RESOLUTION 9 – APPROVAL OF ISSUE OF OPTIONS TO DR GLENN TONG

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

'That, subject to Resolutions 1-8 and 10-13 (inclusive) being passed, for the purpose of ASX Listing Rule 10.14 and for all other purposes, the Shareholders approve the issue of up to 1,500,000 options to acquire Shares to Dr Glenn Tong, a proposed Director, under the ESOP as part of his remuneration package, on the terms and conditions set out in the Explanatory Memorandum.'

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution 9 by or on behalf of:

- Dr Glenn Tong; and
- any associate of Dr Glenn Tong.

However, this does not apply to a vote cast in favour of the Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and

- the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

10. RESOLUTION 10 – APPROVAL OF ISSUE OF OPTIONS TO MR AIDEN JIANG

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

‘That, subject to Resolutions 1-9 and 11-13 (inclusive) being passed, for the purpose of ASX Listing Rule 10.14 and for all other purposes, the Shareholders approve the issue of up to 1,500,000 options to acquire Shares to Mr Aiden Jiang, who is a Director, under the ESOP as part of his remuneration package, on the terms and conditions set out in the Explanatory Memorandum.’

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution 10 by or on behalf of:

- Mr Aiden Jiang; and
- any associate of Mr Aiden Jiang.

However, this does not apply to a vote cast in favour of the Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

11. RESOLUTION 11 – APPROVAL OF ISSUE OF OPTIONS TO MR KEVIN CHEN

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

‘That, subject to Resolutions 1-10 and 12-13 (inclusive) being passed, for the purpose of ASX Listing Rule 10.14 and for all other purposes, the Shareholders approve the issue of up to 1,500,000 options to acquire Shares to Mr Kevin Chen, who is a Director, under the ESOP as part of his remuneration package, on the terms and conditions set out in the Explanatory Memorandum.’

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution 11 by or on behalf of:

- Mr Kevin Chen; and

- any associate of Mr Kevin Chen.

However, this does not apply to a vote cast in favour of the Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

12. RESOLUTION 12 – APPROVAL OF ISSUE OF OPTIONS TO MR STEVEN YU

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

'That, subject to Resolutions 1-11 and 13 (inclusive) being passed, for the purpose of ASX Listing Rule 10.14 and for all other purposes, the Shareholders approve the issue of up to 1,500,000 options to acquire Shares to Mr Steven Yu, who is a Director, under the ESOP as part of his remuneration package, on the terms and conditions set out in the Explanatory Memorandum.'

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution 12 by or on behalf of:

- Mr Steven Yu; and
- any associate of Mr Steven Yu.

However, this does not apply to a vote cast in favour of the Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and

- the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

13. RESOLUTION 13 – APPROVAL OF ISSUE OF OPTIONS TO MR GREG STARR

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

'That, subject to Resolutions 1-12 (inclusive) being passed, for the purpose of ASX Listing Rule 10.14 and for all other purposes, the Shareholders approve the issue of up to 1,500,000 options to acquire Shares to Mr Greg Starr, a Director, under the ESOP as part of his remuneration package, on the terms and conditions set out in the Explanatory Memorandum.'

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution 13 by or on behalf of:

- Mr Greg Starr; and
- any associate of Mr Greg Starr.

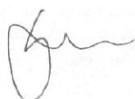
However, this does not apply to a vote cast in favour of the Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

EXPLANATORY MEMORANDUM

An Explanatory Memorandum in respect of the Resolutions set out above is **enclosed** with this Notice of Meeting. Expressions defined in the Explanatory Memorandum have the same meaning when used in this Notice of Meeting.

By Order of the Board



Gregory Starr
Director and Company secretary
4 February 2020

VOTING ENTITLEMENTS

In accordance with section 1074E(2)(g) of the Corporations Act and regulation 7.11.37 of the Corporations Regulations 2001 (Cth), persons holding shares at 7.00 pm (Melbourne time) on 4 March 2020 will be treated as Shareholders. This means that if you are not the registered holder of a relevant Share at that time you will not be entitled to attend and vote in respect of that Share at the meeting.

PROXIES

A Shareholder who is entitled to attend and vote at the General Meeting may appoint up to two proxies to attend and vote on behalf of that Shareholder. A Proxy Form is included with this Notice. If you require an additional Proxy Form, please contact Link Market Services Limited.

If a Shareholder appoints two proxies, the appointment of the proxies may specify the proportion or the number of that Shareholder's votes that each proxy may exercise. If the appointment does not specify, each proxy may exercise half of the votes. Fractions of votes will be disregarded. The Proxy Form must be signed by the Shareholder or their duly appointed attorney, or in the case of a body corporate, executed in accordance with the corporation's constitution, or signed by a duly authorised officer or attorney. A proxy need not be a Shareholder of the Company.

To be effective, the Company must receive the completed Proxy Form signed by the Shareholder and, if the form is signed by the Shareholder's attorney or authorised officer of a corporation, the authority under which the Proxy Form is signed (or a certified copy of the authority) by no later than 10:00 am (Melbourne time) on 4 March 2020, by post or fax to the Company's share registrar, Link Market Services Limited, as listed below.

BY MAIL:	BY FAX:
Azure Health Technology Limited C/- Link Market Services Limited Locked Bag A14 Sydney South NSW 1235	Azure Health Technology Limited C/- Link Market Services Limited Fax: +61 2 9287 0309

BODY CORPORATE REPRESENTATIVES

- A corporation, by resolution of its directors, may authorise a person to act as its representative to vote at the meeting.
- A representative appointed by a corporation may be entitled to execute the same powers on behalf of the corporation as the corporation could exercise if it were an individual shareholder of the Company.
- To evidence the authorisation, either a certificate of body corporate representative executed by the corporation or under the hand of its attorney or an equivalent document evidencing the appointment will be required.
- The certificate or equivalent document must be produced prior to the meeting.

VOTING BY PROXIES

Where more than one proxy is appointed, neither proxy is entitled to vote on a show of hands. A proxy may decide whether to vote on any motion, except where the proxy is required by law or the Constitution to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed how to vote on an item of business, the proxy may vote on that item only in accordance with the direction. If a proxy is not directed how to vote on an item of business, the proxy may vote as he or she thinks fit. If a proxy abstains from voting and the

directions on the proxy require that person to vote, the votes not exercised by the proxy will be given to the Chairman to vote in accordance with the directions on the Proxy Form.

Subject to the statement below, if a Shareholder appoints the Chairman of the General Meeting as the Shareholder's proxy and does not specify how the Chairman is to vote on an item of business, the Chairman will vote, as proxy for that Shareholder, in favour of that item on a poll.

Please read the directions on the Proxy Form carefully, especially if you intend to appoint the Chairman of the General Meeting as your proxy.

UNDIRECTED PROXIES

The Chairman will vote undirected proxies in favour of all resolutions on the agenda for the General Meeting. The Company recommends that Shareholders who submit proxies should consider giving 'how to vote' directions to their proxyholder on each Resolution.

If you complete a proxy form that authorises the Chairman to vote on your behalf as proxyholder, and you do not mark any of the boxes so as to give him directions about how your vote should be cast, you will be expressly authorising the chair to exercise your proxy in accordance the Chairman's stated voting intention on all resolutions even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

If you wish to appoint the Chairman as your proxyholder but you do not want to put him in the position to cast your votes in accordance with Chairman's stated voting intention, you can direct the Chairman by completing the appropriate box on the Proxy Form, to vote against or abstain from voting on the Resolutions.

AZURE HEALTH TECHNOLOGY LIMITED

ACN 111 082 485

EXPLANATORY MEMORANDUM

1. OVERVIEW OF PROPOSED TRANSACTIONS

1.1 Background

This Explanatory Memorandum is intended to provide Shareholders with information that the Board considers material to Shareholders in deciding whether or not to pass the Resolutions contained in the accompanying Notice of Meeting.

The Resolutions are resolutions relating to a proposal to recapitalise the Company and acquire new operating businesses:

1. A resolution for the consolidation of the Shares and other securities on issue. If passed this resolution will consolidate Shares and other securities on the basis of 2.57 to 1;
2. A resolution to approve a change in nature and scale of activities of the Company for the purposes of Chapter 11 of the ASX Listing Rules;
3. A resolution to approve the acquisition of Invictus and issue of Consideration Shares and Consideration Options for the purposes of Chapter 2E of the Corporations Act;
4. A resolution to approve the issue of securities under the Offer for the purposes of ASX Listing Rule 7.1;
5. A resolution to approve the issue of Consideration Shares in connection with the Invictus Acquisition for the purposes of ASX Listing Rule 7.1
6. A resolution to approve the issue of Consideration Options to Invictus Employees for the purposes of ASX Listing Rule 7.1
7. A resolution to approve the ESOP and approve issues of securities and grant of loans under the ESOP; and
8. Resolutions to approve the issue of securities to the Directors of the Company.

1.2 The Proposed Transactions

The Proposed Transactions are:

- (a) the acquisition of the all of the shares in the capital of Invictus Biopharma Ltd and associated transactions including the issue of the Consideration Shares to the Invictus Shareholders;
- (b) the Offer, including the lodgement of the Prospectus with ASIC and the offering of Shares under the Prospectus; and
- (c) other associated transactions which are explained in this Explanatory Memorandum.

1.3 Indicative timetable

An indicative Timetable for the Proposed Transactions is as follows.

Event	Date
Lodgement of Prospectus with ASIC	Thursday 30 January 2020
Despatch of Notice of General Meeting	Tuesday 4 February 2020
General Meeting	Friday 6 March 2020
Opening Date of the Offer	Monday 24 February 2020
Closing Date of Offer	Friday 27 March 2020
Completion of Invictus Acquisition and allotment of Shares under the Prospectus	Tuesday 31 March 2020
Expected despatch date of Holding Statements	Tuesday 31 March 2020
Expected date for reinstatement to quotation of Shares on ASX	Wednesday 1 April 2020

Note: The above dates are indicative only. The Company reserves the right to alter this timetable including the Opening Date and Closing Date of the Offer.

Detailed information about the Proposed Transactions is set out in sections 1.14 to 1.180 (the Offer) and 3.5 and 4.1 to 4.8 (the Invictus Acquisition) .

1.4 Reasons for undertaking the Proposed Transactions

The Company is an Australian public company that was incorporated on 22 September 2004 and has been listed on ASX since 27 June 2007. Shares in the Company have been suspended from trading on ASX since 25 January 2017 and will not be reinstated until approval by ASX of the Company's application for reinstatement to quotation of shares based on the Company satisfying Chapters 1 and 2 of the ASX Listing Rules (**Re-compliance Application**). The Proposed Transactions will support the Re-compliance Application. The Company will submit the Re-compliance Application to ASX at or about the time of lodgement of the Prospectus with ASIC.

1.5 Board of Directors upon completion of the Proposed Transactions

On completion of the Proposed Transactions the Board of Directors will comprise the following persons.

Mr Lou Panaccio CA, BEc, MAICD – Proposed Independent Non-Executive Chairman

Mr Panaccio, a successful healthcare businessman with extensive experience progressing companies from concept to commercialisation. Lou possesses more than 30 years' executive leadership experience in healthcare services and life sciences, and more than 25 years board-level experience.

Lou is currently a Non-Executive Director of an ASX50 company and one of the world's largest medical diagnostics companies, Sonic Healthcare Limited, where he has served since 2005. In addition, Mr Panaccio is also a Non-Executive Director of Unison Housing Corporation Limited, Non-Executive Chairman of ASX-listed biotechnology companies Avita Medical Limited (ASX:AVH) and Non-Executive Director of Rhythm Biosciences Limited (ASX:RHY).

Lou has also served in executive and board roles with Melbourne Pathology Group, Monash IVF Group, Primelife Corporation Limited and other private entities.

Dr Glenn Tong BSc (Hons), PhD, FAICD – Proposed Managing Director and CEO

Glenn has over 20 years of executive management and Board experience in rapid growth biotech companies where a core focus has been the management of product development in highly regulated environments including pharmaceuticals, diagnostics and genetically modified crops and pastures. Glenn has raised and managed over \$100M in equity capital and collaborative R&D funding. Past roles include: CEO and Managing Director of Gordagen Pharmaceuticals Pty Ltd., the Molecular Plant Breeding Cooperative Research Centre and Molecular Plant Breeding Pty Ltd, and AgGenomics Pty Ltd (a subsidiary of Genetic Technologies Limited, ASX:GTG). Glenn has a Bachelor of Science (Honours) and PhD (Chemistry) from the University of Melbourne and the Howard Florey Institute of Experimental Physiology and Medicine and is a Graduate and Fellow of the Australian Institute of Company Directors.

(Aiden) Wei Jiang – Deputy Chairman and Non-Executive Director

Mr Jiang is an entrepreneur with versatile business skills and strong track record. As the founder and Chairman of the Hong Kong Lead Capital Group, his work in company restructuring and capital markets is well recognised across different sectors in China, including technology, manufacturing, agriculture and retail. He is engaged by numerous companies to advise on company operational and funding issues.

He has developed a unique system to commercialise start-up companies by growing its value through bringing funding, knowledge and resources to companies. Mr Jiang is active in the biotechnology industry and committed to growing company values by his international business network and expertise.

(Steven) Jiayi Yu – Executive Director

Steven has extensive experience in mergers and acquisitions, capital raising and cross border transactions with ASX companies. He was also previously the Chief Executive Officer of ASX listed mining company Anchor Resources Ltd (ASX:AHR).

As a practicing lawyer he has worked for Norton Rose Fulbright in Beijing and Melbourne, Deacons and Maddocks Lawyers in Melbourne.

Steven holds a Bachelor of Law and Commerce from the University of Melbourne, Master of Laws from Boston University, and Executive MBA from Columbia Business School. Steven is currently completing a Doctor of Philosophy at the University of Technology Sydney (UTS).

Gregory Barry Starr – Executive Director

Mr Starr is an experienced public company director holding senior board positions in a number of ASX listed companies over 20 years. He has been involved in many M&A and debt and equity financial transactions.

Over the past 3 years Mr Starr has held executive and non-executive board positions on ASX listed companies, Diatre Resources Limited, PLC Financial Solutions Limited, World.Net Services Limited, Ephraim Resources Limited and BIR Financial Limited.

Mr Starr brings significant corporate governance and investor relations experience in ASX listed companies to the Board.

(Kevin) Weidong Chen – Independent Non-Executive Director

Mr Chen has extensive experience in cross-border investment and international trade. Mr Chen has extensive international business experience in advising on and facilitating business negotiations with international counterparties.

1.6 Senior management upon completion of the Proposed Transactions

On completion of the Proposed Transactions the senior management of the company will comprise the following persons.

Dr Glenn Tong BSc (Hons), PhD, FAICD – Managing Director and CEO

See above.

(Steven) Jiayi Yu – Executive Director

See above.

Gregory Barry Starr – Director

See above.

Mr Richard Estalella - President and CEO of Invictus Nutraceuticals, Inc.

Richard Estalella is an executive and Board director with over 30 years of experience and a successful track record in the Sports Nutrition, Retail, and Multi-Level Marketing industries. Richard was the Chief Operating Officer and then President of MusclePharm Corp in the US (OTCQB:MSLP) which during his tenure increased distribution to 50,000 retail outlets and 120 countries along with sales revenue growth from US\$67M in 2012 to US\$167M in 2015. He oversaw operations, finance and supply chain which included the development of global manufacturing capabilities. Richard has an Associates Arts (graduated with Honours) from Miami-Dade Community College and has completed the Babson College Retail Strategies Program.

1.7 Pro forma capital structure (post Consolidation and post Offer)

The effect of the Invictus Acquisition and the Offer on the capital structure of the Company on a post Offer and post Consolidation basis can be summarised as follows:

	Minimum Raise	%	Maximum Raise	%
Shares on issue as at the date of this Notice of Meeting	179,998,449		179,998,449	
After Consolidation (2.57 for 1 consolidation)	70,000,000	50%	70,000,000	45%
New Shares to be issued under the Offer	35,000,000	25.00%	50,000,000	32.26%
New Shares to be issued to Invictus Shareholders	35,000,000	25.00%	35,000,000	22.58%
Total Shares on issue at completion of Offer and Invictus Acquisition	140,000,000	100%	155,000,000	100%
Offer Price	\$0.20		\$0.20	
Indicative market capitalisation at the Offer Price	\$28,000,000		\$31,000,000	

Notes: The number of New Shares to be issued to the Invictus Shareholders is subject to adjustment and may be less than 35,000,000. See section 4. A number of options to acquire Shares will be on issue. See sections 5 and 6. Following successful completion of the Offer Viriathus Capital Pty Ltd will be issued success fee Shares for the amount of \$55,000 at the Offer price (totalling 275,000 Shares). These Shares are not taken into account in the above table.

1.8 Directors' voting power

The tables below set out the expected voting powers of the Directors and proposed Directors on completion of the Offer and Invictus Acquisition.

	Minimum Raise	Maximum Raise
Aiden Jiang	40.0%	36.1%
Glenn Tong	17.8%	16.1%
Lou Panaccio	0.6%	0.6%
Greg Starr	-Nil	-Nil
Steven Yu	-Nil	-Nil

	Minimum Raise	Maximum Raise
Kevin Chen	Nil	Nil
Total	58.4%	52.8%

1.9 Senior management voting power

On completion of the Offer and Invictus Acquisition, it is expected that senior management of the Company will hold the interests in the capital of the Company on a post consolidation basis set out in the table below:

	Minimum Raise	Maximum Raise
Glenn Tong	17.8%	16.1%
Greg Starr	-Nil	-Nil
Steven Yu	-Nil	-Nil
Richard Estalella	Nil	Nil-
Total	17.8	16.1%

1.10 Pro forma Balance Sheet

The pro forma balance sheet below sets out the pre Transactions position, effect of the Transactions and post Transaction position.

	AZT (Audited)	Invictus (Audited)		Proforma Minimum Adjustment	Proforma Minimum (Reviewed)	Proforma Maximum Adjustment	Proforma Maximum (Reviewed)
	2019	2019		2019	2019	2019	2019
	\$	\$		\$	\$	\$	\$
Current assets							
Cash and cash equivalents	1,327	677		4,873,786	4,875,790	2,817,695	7,693,485
Trade and other receivable:	143,114	167,097		(143,114)	167,097		167,097
Other current assets	-	3,330		-	3,330		3,330
Total current assets	144,441	171,104		4,730,672	5,046,217	2,817,695	7,863,912
Non-current assets							
Intangibles	-	252,761	5	7,773,132	8,025,893	-	8,025,893
Total non-current assets	-	252,761		7,773,132	8,025,893	-	8,025,893
Total assets	144,441	423,865		12,503,804	13,072,110	2,817,695	15,889,805
Current liabilities							
Trade and other payables	140,776	850,815	6	(991,591)	-	-	-
Borrowings	-	286,182		(286,182)	-	-	-
Total current liabilities	140,776	1,136,997		(1,277,773)	-	-	-
Non-current liabilities							
Borrowings	230,000	-	7	(230,000)	-	-	-
Total non-current liabilities	230,000	-		(230,000)	-	-	-
Total liabilities	370,776	1,136,997		(1,507,773)	-	-	-
Net assets	(226,335)	(713,132)		14,011,577	13,072,110	2,817,695	15,889,805
Equity							
Issued capital	69,575,647	290,200	8	13,301,911	83,167,758	2,790,837	85,958,595
Reserves	11,582,945	270,711	9	437,368	12,291,024		12,291,024
Accumulated losses	(81,384,927)	(1,274,043)	10	272,298	(82,386,672)	26,858	(82,359,814)
Total equity	(226,335)	(713,132)		14,011,577	13,072,110	2,817,695	15,889,805

Note 1: Invictus Biotechnology Pty Limited

The shareholders of Invictus Biotechnology Pty Limited agreed to proportionately exchange their shares for shares in Invictus Biopharma Ltd as at 17 August 2018. Invictus Biotechnology Pty Ltd is now a 100% subsidiary of Invictus Biopharma Ltd. Invictus Biotechnology Pty Ltd was the trading

entity for Invictus. The historical Financial Information of Invictus as at 30 June 2019 is the consolidation of Invictus Biopharma Ltd and Invictus Biotechnology Pty Ltd.

Note 2: Actual and Proposed Transactions to Arrive at the Pro-forma Financial information

The following proforma transactions are yet to occur, but are proposed to occur following completion of the capital raising;

- a. The completion of the consolidation of the companies issued capital on the basis of 1 share for every 2.57 shares held;
- b. The issue of 35,000,000 shares at an issue price of \$0.20 each to raise \$7,000,000 before costs ("Pro forma Minimum");
- c. The further issue of shares 15,000,000 shares at a value of \$0.20 cents per share to raise a further \$3,000,000. The minimum Share issue will be 35,000,000 shares and the maximum issue will be 50,000,000 shares ("Pro forma Maximum");
- d. Costs of the offer are estimated to be \$701,555 under the minimum Offer (including lead manager fees totalling \$310,000) and \$883,860 under the maximum Offer (including lead manager fees totalling \$490,000);
- e. The issue of 35,000,000 fully paid ordinary shares for the acquisition of 100% of Invictus;
- f. Subsequent repayment of Invictus and Azure borrowings totalling \$516,182;
- g. The receipt of certain debtors and payment of creditors balances as at 30 June 2019.
- h. The issue of 10,500,000 options to service providers with an exercise price of \$0.30 each and a five year exercise period. These have been valued under the Black Sholes method totalling \$708,079.
- i. Purchase of Intellectual Property of \$60,000.

Note 3 Cash and Cash equivalents

	Minimum	Maximum
	\$	\$
Cash and cash equivalents	4,935,790	7,753,485
Audited balance of Azure as at 30 June 2019	1,327	1,327
Audited balance of Invictus as at 30 June 2019	677	677
	2,004	2,004
<i>Subsequent Event adjustment</i>		
Repayment of Borrowings	(516,182)	(516,182)
Receipt from debtors existing at 30 June 2019 (GST and stock deposit)	143,114	143,114
Purchase of Intellectual Property from Gordagen	(60,000)	(60,000)
Payment of trade and other payables existing at 30 June 2019	(991,591)	(991,591)
	(1,424,659)	(1,424,659)
<i>Pro forma adjustments</i>		
Proceeds from issue of fully paid ordinary shares in Azure at \$0.20 per share		
Minimum issue of 35,000,000 shares	7,000,000	
Maximum issue of 50,000,000 shares		10,000,000
Capital raising costs	(701,555)	(883,860)

	Minimum \$	Maximum \$
	6,298,445	9,116,140
Pro forma Balance	4,875,790	7,693,485

Note 4: Trade and other receivables

	Minimum \$	Maximum \$
Trade and Other Receivables	167,097	167,097
Audited Balance of Azure as at 30 June 2019	143,114	143,114
Audited Balance of Invictus as at 30 June 2019	167,097	167,097
	310,211	310,211
<i>Subsequent Event adjustment</i>		
Receipt of outstanding debtors	(143,114)	(143,114)
Pro forma Balance	167,097	167,097

Note 5: Intangibles

	Minimum \$	Maximum \$
Intangible Assets	8,025,893	8,025,893
Audited balance of Azure as at 30 June 2019	-	-
Audited balance of Invictus as at 30 June 2019	252,761	252,761
	252,761	252,761
<i>Pro forma adjustments</i>		
Purchase of Intellectual Property from Gordagen <i>Goodwill</i>	60,000	60,000
Being the issue of 35,000,000 fully paid ordinary shares for the acquisition of 100% of Invictus	7,000,000	7,000,000
Negative Net Assets of Invictus to be acquired based on the audited financial position as at 30 June 2019	713,132	713,132
Total Goodwill	7,713,132	7,713,132
Pro forma Balance	8,025,893	8,025,893

Note 6: Trade and other Payables

	Minimum	Maximum
	\$	\$
Trade and Other Payables	-	-
Audited Balance of Azure as at 30 June 2019	140,776	140,776
Audited Balance of Invictus as at 30 June 2019	850,815	850,815
	991,591	991,591
<i>Pro forma adjustments</i>		
Payment of outstanding Trade Creditors Balance	991,591	991,591
Pro forma Balance	-	-

Note 7: Borrowings

	Minimum	Maximum
	\$	\$
Borrowings	-	-
Audited balance of Azure as at 31 December 2017	230,000	230,000
Audited balance of Invictus as at 31 December 2017	286,182	286,182
	516,182	516,182
<i>Pro forma adjustments</i>		
Loan balance repaid	(516,182)	(516,182)
Pro forma Balance	-	-

Note 8: Share Capital

	Minimum	Maximum
	\$	\$
Share Capital	83,167,758	85,958,595
Audited balance of Azure as at 30 June 2019	69,575,647	69,575,647
Audited balance of Invictus as at 30 June 2019	290,200	290,200
	69,865,847	69,865,847
<i>Pro forma adjustments</i>		
Being the issue of 35,000,000 fully paid ordinary shares for the acquisition of 100% of Invictus	7,000,000	7,000,000
Being elimination of the pre-acquisition Share Capital of Invictus	(290,200)	(290,200)
Proceeds from the issue of fully paid ordinary shares in Azure at \$0.20 per share		
Minimum issue of 35,000,000 shares	7,000,000	
Maximum issue of 50,000,000 shares		10,000,000
Less cost of offer attributed to the offer of new shares	(407,889)	(617,052)

	Minimum \$	Maximum \$
Total	13,301,911	16,092,748
Pro forma Minimum Balance	<u>83,167,758</u>	<u>85,958,595</u>

Note 9: Reserves

	Minimum \$	Maximum \$
Reserves	<u>12,291,024</u>	<u>12,291,024</u>
Audited balance of Azure as at 30 June 2019	11,582,945	11,582,945
Audited balance of Invictus as at 30 June 2019	<u>270,711</u>	<u>270,711</u>
	11,853,656	11,853,656
<i>Pro forma adjustments</i>		
Being elimination of the pre-acquisition Reserves of Invictus	(270,711)	(270,711)
Being the issue of options to service providers *	<u>708,079</u>	<u>708,079</u>
Total	437,368	437,368
Pro forma Balance	<u>12,291,024</u>	<u>12,291,024</u>

* The issue of 10,500,000 options to service providers with an exercise price of \$0.30 each and a five year exercise period. These have been valued under the Black Sholes method totalling \$708,079

Note 10: Retained Earnings

	Minimum \$	Maximum \$
Retained earnings	<u>(82,386,672)</u>	<u>(82,359,814)</u>
Audited balance of Azure as at 30 June 2019	(81,384,927)	(81,384,927)
Audited balance of Invictus as at 30 June 2019	<u>(1,274,043)</u>	<u>(1,274,043)</u>
	(82,658,970)	(82,658,970)
<i>Pro forma adjustments</i>		
Being 30 June 2019 Invictus Audited Retained earnings	1,274,043	1,274,043
Estimated costs of the offer not relating to capital raising fees	(293,666)	(266,808)
Issue of options to service providers *	<u>(708,079)</u>	<u>(708,079)</u>
Total	(272,298)	(299,156)

Pro forma Balance	<u>(82,386,672)</u>	<u>(82,359,814)</u>
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* The issue of 10,500,000 options to service providers with an exercise price of \$0.30 each and a five year exercise period. These have been valued under the Black Sholes method totalling \$708,079

1.11 **Invictus and its business**

Invictus is a biotechnology company commercialising delivery platforms which allow a natural product, tocotrienols (a form of Vitamin E) to be delivered directly to organs and tissues of the body. Invictus has been developing and commercialising novel nutraceuticals and prescription medicines based on natural products (tocotrienols) which have wide therapeutic potential, including: Delayed Onset Muscle Soreness (DOMS), muscle recovery after exercise, maintenance of peak muscle power, exercise endurance, Non-Alcoholic Fatty Liver Disease (NAFLD), pancreatic cancer, hyperlipidaemia and diabetes.

The Invictus group owns and controls patent and other intellectual property rights for novel approaches to delivering tocotrienols directly to the target tissues. It has a product development program for evidence-based nutraceuticals and a clinical development program for prescription medicines.

On 31 January 2018, Invictus Biotechnology Pty Ltd (**Invictus Biotech**) acquired all of the intellectual property rights, including the patent rights to transmucosal delivery of tocotrienols from Gordagen Pharmaceuticals Pty Ltd (in liquidation) (**Gordagen**). Dr Glenn Tong and Professor Michael Mathai were previously directors of Gordagen. The Liquidator, Mr James P. Downey of JP Downey and Co, was appointed in November 2017 by vast majority vote (both by number and by amount owed) of a group of creditors of Gordagen. This group of creditors was led by Dr Tong and fully supported the action taken. In December 2017, the Liquidator conducted an open sale process of Gordagen’s intellectual property assets (including advertisements in major newspapers) and Invictus Biotech, under the leadership of Dr Tong, submitted the winning bid and acquired the intellectual property rights held by Gordagen with the full support of this group of creditors. This group of creditors continues to provide services to Invictus, and most are also shareholders of the Company.

On 28 February 2018, Invictus Biotech entered into a license agreement with Monash University which granted it an exclusive worldwide license to commercialise Monash patents and background technology entitled ‘Lymph Directing Prodrugs’.

The business activity of Invictus was originally carried on through Invictus Biotech. In order to meet the objective of an ASX listing, a new public company, Invictus BioPharma Ltd (**Invictus**) was incorporated in Victoria on 17 August 2018. Invictus acquired all the shares in Invictus Biotech on 28 August 2018, thus making Invictus Biotech a 100% subsidiary of Invictus. The shareholders in Invictus Biotech agreed to proportionately exchange their shares in Invictus Biotech for shares in Invictus.

1.12 **Business Model**

Following completion of the Proposed Transactions the business of AZT will be the development, production, marketing and sale of health and wellbeing products including the development and commercialisation of platforms for the non-invasive delivery of tocotrienols (a form of Vitamin E) for both nutraceutical and pharmaceutical applications.

AZT is an early stage health and biopharma company. Its objectives are to commercialise delivery platforms which allow a natural product, tocotrienols (a form of Vitamin E), to be delivered directly to organs and tissues of the body in a non-invasive manner.

In the short term, AZT will focus on:

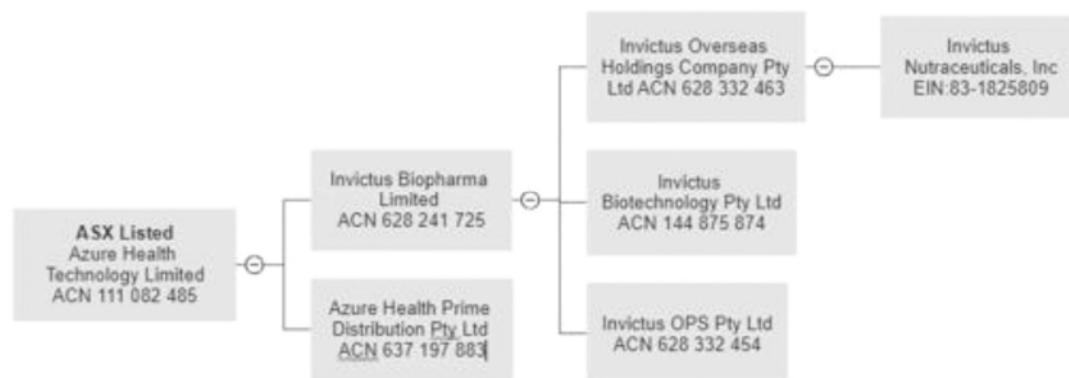
- (a) the marketing and sale of nutraceutical and wellbeing products to deliver early revenues; and
- (b) the development of prescription medicine candidates for Non-Alcoholic Fatty Liver Disease and pancreatic cancer.

In the short term, AZT's success will depend on its ability to develop, produce and sell its nutraceutical products and derive cash flows from the sales of those products. If this is not achieved AZT will not derive the early stage revenues it seeks and may need to find alternative funding sources or defer or delay other projects.

In the longer term, AZT's success will depend on its ability to successfully undertake its drug development programs, and either produce prescription medicine or licence its prescription medicine candidates and related IP to larger pharmaceutical companies.

1.13 Corporate Structure of the Company Group after the Proposed Transactions

After the Invictus Acquisition, the Company will become the parent company of a number of corporate entities. The diagram below illustrates the corporate structure of the group after completion of the Proposed Transactions:



Note: All of the companies set out above are wholly owned subsidiaries of the Company.

As noted in section 1.11 above, Invictus Biotech acquired the Invictus group intellectual property by purchasing rights from Gordagen and in-licensing from Monash University. It remains a 100% subsidiary of Invictus and continues to hold all the intellectual property rights of the Invictus group. Invictus Ops Pty Ltd is the operating company of the Invictus group, other than in respect of the USA operations. Invictus Nutraceuticals, Inc. conducts the USA operations of the Invictus group comprising manufacturing, marketing and selling of nutraceutical products. Invictus Nutraceuticals, Inc remains a 100% subsidiary of Invictus, and Invictus (Overseas Holdings Company) Pty Ltd holds all the shares in Invictus Nutraceuticals, Inc. Azure Health Prime Distribution Pty Ltd conducts the AHW business, and is party to an distribution agreement with Shenzhen ALZKAT Technology Limited for the marketing and sale of Azure Health's nutraceutical and other products in China.

1.14 The Offer

As part of the Company's re-compliance, the Company is proposing to undertake a capital raising and associated share issues (**Offer**). The principal purposes of the Offer are to:

- (a) comply with ASX's requirements for reinstatement to quotation of shares in the Company on ASX;
- (b) provide funds for the purposes set out in section 1.17 below;
- (c) provide the Company with access to equity capital markets for future funding needs; and
- (d) enhance the public and financial profile of the Company to facilitate further growth of the Company's business.

The Offer will be made pursuant to the Prospectus which will be lodged with ASIC.

1.15 Offer conditions

The issue of Shares under the Offer will be conditional upon:

- (a) ASX approving the Re-compliance Application and agreeing to reinstate Shares to quotation on ASX;
- (b) the minimum subscription under the Offer of 35,000,000 Shares to raise \$7,000,000 before expenses (Minimum Subscription) being achieved;
- (c) the Company obtaining the Shareholder approvals required to complete the Proposed Transactions including the Invictus Acquisition and support the Re-compliance Application (being the shareholder approvals to be sought at the General Meeting); and
- (d) the conditions precedent to the Invictus Acquisition Agreement being satisfied or waived. See section 4.2 for information on the conditions precedent to the Invictus Acquisition Agreement.

1.16 Offer management

The Company has engaged Viriathus Capital Pty Ltd (**Viriathus**) to manage the Offer and facilitate with the capital raise under the Offer. Viriathus will be paid the following for its services:

- (a) 1% of the total amount raised under the Offer as a management fee;
- (b) 5% of the total amount raised by Viriathus as a capital raising fee;
- (c) \$15,000 per month for advisory services provided in relation to the Offer, of which \$7,500 will be paid in cash monthly with the balance being payable upon completion of the Offer; and \$55,000.00 by issuance of Shares at the Offer price (totalling 275,000 Shares) as a success fee, if the minimum subscription is achieved under the Offer.

1.17 Use of funds

The Company intends to apply funds raised from the Offer as follows:

Item	Minimum Raise A\$	Maximum Raise A\$
US Nutraceuticals	485,000	607,000
NAFLD Clinical Program	638,000	1,864,000
Pancreatic Cancer Preclinical programme	451,500	477,500
Costs of the Offer (see table in 1.15 below)	646,555	828,860
Existing Invictus Creditor repayments	1,119,632	1,119,632
Development of AHW Business	230,000	230,000
Repayment of existing Invictus Borrowings	250,406	250,406
Additional Working Capital	3,178,907	4,622,602
TOTAL	7,000,000	10,000,000

Note: Costs of the Offer in this table are reduced by \$55,000 from the costs stated in the table in section 1.18 below because the share issue costs are not cash costs and are therefore not included in the use of funds. Payments of \$58,080 to Tearum Advisors Pty Limited and \$66,033 to Valorton Capital Pty Limited (entities associated with Greg Starr and Steven Yu) which are due on re-quotation of shares will be made out of working capital.

1.18 Costs of the Offer

The Company anticipates that the costs of the of the Offer will be as follows:

Costs of offer		
Offer Lead Management fee (1%) payable to Viriathus Capital Pty Ltd	70,000	100,000
Capital raising fee (5% of funds raised by Viriathus Capital Pty Ltd)*	125,000	275,000
Lead Manager Retainer fee	60,000	60,000
Success Fee payable to Viriathus**	55,000	55,000
Hall Chadwick - IAR, Audit, review of proforma	67,000	67,000
Tax Due Diligence	15,000	15,000
Legal Fees	210,000	210,000
ASX review and Listing costs of new shares	31,855	34,160
ASIC Prospects Lodgement Fees	2,400	2,400
Notice of meeting, prospectus preparation & meeting costs	65,300	65,300
Total	701,555	883,860

*Note: This assumes Viriathus will raise between \$2.5 million to \$5.5 million.

**Note: This will be paid by issuance of Shares.

1.19 Advantages of undertaking the Proposed Transactions

The Board considers that the Proposed Transactions will result in a number of advantages for Shareholders, including:

- (a) the Invictus Acquisition represent an attractive investment and an opportunity for the Company to change its business focus to the development, production, marketing and sale of health and wellbeing products including the development and commercialisation of platforms for the non-invasive delivery of tocotrienols (a form of Vitamin E) for both nutraceutical and pharmaceutical applications;
- (b) the Proposed Transactions will support the Re-compliance Application and reinstatement to quotation of shares in the Company on ASX based on the Company satisfying Chapters 1 and 2 of the ASX Listing Rules; and
- (c) the appointment of Louis Panaccio as Independent Non-executive Chairman and Dr Glenn Tong as Managing Director will provide the Company with extensive experience and a proven track record within the health sector.

1.20 Disadvantages of undertaking the Proposed Transactions

The Board considers that the Proposed Transactions may result in a number of disadvantages, as set out below, which Shareholders should consider prior to exercising their vote.

- (a) Change to the nature and scale of activities of the Company: the manner in which the change to the nature and scale of the Company's activities is being achieved may not be consistent with the objectives of all Shareholders;
- (b) Dilution of existing shareholdings in the Company: if the Proposed Transactions complete and Shareholder approval is obtained by the Company under this Notice of Meeting for all the Resolutions, the issue of Shares under the Offer will have a significant dilutionary effect on the current Shareholders;
- (c) Possibility of unrealised potential for future growth: whilst the Invictus have demonstrated significant growth since its inception, there is no guarantee that the potential for future growth will ever be realised under ownership of the Group. Therefore, the potential of the Proposed Transactions to add significant value to the Company may never be realised by its Shareholders;
- (d) Re-compliance: if Shareholder approval is obtained for all Resolutions, the Company will remain suspended from the Official List of the ASX until such time as the ASX approves the Re-compliance Application. There is no guarantee that the Company will successfully complete the re-compliance or that the ASX will approve re-quotations of the Shares of the Company upon passing of all the Resolutions; and
- (e) Increased exposure to wider array of risks: there are many risks associated with the proposed change to scale of activities of the Company. Some of these are explored in greater detail below.

1.21 Risks associated with the Proposed Transactions

There are risks associated with the Proposed Transactions, and the change in business activities which will be the result of the Proposed Transactions, which Shareholders should have regard to in deciding how to vote on the Resolutions. These risks include:

- (a) Market acceptance of nutraceutical products

In the short term, AZT will focus on the marketing and sale of its nutraceutical products in USA, Australia and China. The initial offering will be NE1-Elite® and NE1-Heart®. Market acceptance of these products is a key risk. If there is no or limited market acceptance, AZT will not derive the early stage revenues it seeks and may need to defer or delay other projects.

- (b) Reliance on third party suppliers/contractors

Many of the Group's business functions are outsourced to specialist contractors, with a single contractor engaged for the relevant tasks. Accordingly, the Group's ability to function is reliant on the continued timely and competent performance of those contractors. If a contractor was unable to meet the Group's needs for whatever reason, the Group would need to obtain those skills and services from elsewhere, resulting in potential delays in achieving its business goals, and likely increases in costs and resulting decreases in profitability.

(c) Reliance on third party manufacturer (nutraceuticals)

The Group currently has one manufacturer of its nutraceutical products. If the manufacturer is unable to deliver product when requested by the Group, the Group will not have product available for sale, reducing its revenues and in turn its profitability.

(d) Raw material supply risk

The key active ingredient used by Group in its products is currently sourced from a sole global supplier. If the supplier is unable to deliver product when requested, the Group will not have product available for sale, reducing its revenues and profitability. Further it will not have product available to undertake some of its clinical trials, delaying those trials and preventing the Group from achieving some of its business goals.

(e) Key person risk

The know-how and corporate memory of the Group resides in a small number of people, including its management team. If any of these people were unable to perform their roles for any reason, the Group would incur delays in delivering its business goals and increased costs in replacing personnel or recreating knowledge.

(f) Insufficient funding

The Company may need to raise additional funds from time to time to progress drug development programs. The Company's ability to raise additional funds will be subject to, amongst other things, factors beyond the control of the Group and its Directors. There is no assurance that future funds can be raised by the Group on favourable terms, if at all. Further, any capital raising may be dilutive to Shareholders.

(g) Clinical trial risk

the Group is undertaking clinical trials, which by their very nature, are uncertain in their outcome, which may result in the Group's proposed drug not being an effective treatment for the targeted disease. As a result, the Group's funds invested in that trial may be wasted and the drug development program delayed while new targets (or adverse trial events) are selected (or investigated).

(h) IP protection failure (including Monash patent obligation)

The Group has certain patents which it has rights to. Patents are subject to third party challenge from time to time and as a result, the Group can incur significant costs (both time and money) in asserting and defending patent rights. Further some patents are held by third parties and licensed to the Group, and the Group has limited controls over how those patent rights are defended. The need to defend such claims would increase the Group's costs and reduce its profitability, as well as potentially delay the ability to Group to pursue transactions with third party companies who wish to use or develop the Group's products.

- (i) Development program costs

The inherent uncertainty of drug development means that certain unexpected events can occur. The result is that there is a risk that the programs will take longer and cost more than budgeted (and may require additional fundraising).
- (j) Product liability risk

the Group is proposing to sell nutraceuticals and potentially out-license pharmaceuticals. There is a risk in the sale of such products that certain people may have adverse effects from the products and make claims against the Group in respect of those effects. The need to defend such claims would increase the Group's costs and reduce its profitability.
- (k) Competition (nutraceuticals)

Some of the Group's competitors in the nutraceutical business are large and well-funded. There is a risk that these competitors will seek to establish and promote substitute products in the market, or to seek to promote products with the same marketing claims as the Group. These activities could cause the Group's sales to grow slower than anticipated or otherwise incur costs in defending its position.
- (l) Limited history in drug development

The Group is newly formed and has limited history in drug development and commercialisation of pharmaceutical products. There is no guarantee that it will be able to achieve its business goals in the drug development business, which could negatively impact its share price.
- (m) Limited history in sales of nutraceuticals

The Group is newly formed and has limited history in nutraceutical sales. There is no guarantee that it will be able to achieve its business goals in the nutraceutical business. As a result, the Group's revenues and business prospects could be adversely affected, which could negatively impact its share price.
- (n) Concentration of shareholding

Following completion of the offer, the Group will have a significant portion of the Shares held by entities associated with its CEO, Glenn Tong. Accordingly, Dr Tong will be in a position to exert influence over the outcome of matters relating to the Group, including the election of Directors.
- (o) Regulatory risk

Before the Group can market and sell pharmaceutical products, those products must be approved by relevant regulators which is reliant on regulator interpretation of data from trial and other development activities. Such approvals can take longer than expected or may not be provided at all. This may result in the Group's development programs being delayed or incurring unanticipated costs.
- (p) Reputational risk

The Group's reputation is important to its position in the nutraceutical and pharmaceutical industries. Reputational damage may be caused in many ways, including, adverse outcomes in clinical trials, adverse reactions to

nutraceutical products, product contamination issues and employee malfeasance.

(q) Change to R&D tax incentives

The Group expects to take advantage of the Australian Federal Government's R&D tax incentives to undertake certain qualifying development expenditure. If the Group is unable to access those incentives for whatever reason (including no longer qualifying or due to changes in the incentive scheme), the amounts of funds available to the Group to achieve its business goals will decrease and the Group may need to obtain additional funding for that purpose.

(r) Industry wide risks

The development and commercialisation of pharmaceutical products is subject to inherent risks of failure, including that the products are ineffective or fail.

The Group operates in highly regulated market sectors, subject to laws, regulations, directives and guidelines relating to many aspects of its operations including trial activities, laboratory practices, manufacturing practices, handling and registration of certain ingredients, as well as marketing restrictions.

Irrespective of whether or not the Group's intellectual property is registered in a jurisdiction, there is always a risk of third parties claiming rights over that intellectual property

(s) General risks

The market for Shares on ASX from time to time may be limited and it may not be possible for you to sell your Shares at a particular price or at all.

The Company's financial reports are subject to Australian International Financial Reporting Standards (AIFRS) issued by the Australian Accounting Standards Board. Changes in accounting standards may adversely affect the financial performance or financial position of the Group.

Changes in the tax laws and changes in the way they are interpreted could adversely impact the Group, including in relation to cross-border taxation.

The market price of Shares can rise and fall and be subject to various unpredictable influences outside of the control of the Company.

1.22 Personal advice

This Explanatory Memorandum does not take into account the individual investment objectives, financial situation and needs of individual Shareholders or any other person. Accordingly, it should not be relied on solely in determining how to vote on the Resolutions. If you are in any doubt about what to do in relation to the Resolutions contemplated in the Notice of Meeting and this Explanatory Memorandum, it is recommended that you seek advice from an accountant, solicitor or other professional advisor.

1.23 Definitions

Certain abbreviations and other defined terms are used throughout this Explanatory Memorandum. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations are set out in the Glossary to the Explanatory Memorandum.

1.24 Forward looking statements

The forward looking statements in this Notice of Meeting are based on the Company's current expectations about future events. They are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and its Board of Directors, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward looking statements in this Notice of Meeting. These risks include but are not limited to, the risks referred to below. Forward looking statements include those containing words such as "anticipate", "estimates", "should", "will", "expects", "plans" or similar expressions.

1.25 Action to be taken by Shareholders

Shareholders should read this Explanatory Memorandum carefully before deciding how to vote on the Resolutions set out in the Notice of Meeting.

All Shareholders are invited and encouraged to attend the Meeting. If Shareholders are unable to attend in person, the **attached** Proxy Form should be completed, signed and returned to the Company in accordance with the instructions contained in the Proxy Form and the Notice of Meeting. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person, but the person appointed as the proxy must then not exercise the rights conferred by the Proxy Form. If the Proposed Transactions and the other share issues are approved by Shareholders and then completed, the voting power of existing Shareholders will be diluted.

1.26 Not a Disclosure Document

This Explanatory Memorandum is not a disclosure document for the purpose of Chapter 6D of the Corporations Act. The Company proposes to issue a Prospectus in due course. Shareholders should have regard to that Prospectus in deciding whether to acquire or continue to hold Shares, but this Explanatory Memorandum contains all information material to the decision on how to vote on the Resolutions. Anyone who wants to acquire Shares will need to complete the application form that will accompany the Prospectus to be issued by the Company.

1.27 Disclaimer

No person is authorised to give any information or make any representation in connection with the Proposed Transactions which is not contained in this Explanatory Memorandum. Any information which is not contained in this Explanatory Memorandum may not be relied on as having been authorised by the Company or the Board in connection with the Proposed Transactions.

1.28 ASIC and ASX

A copy of the Notice of Meeting and Explanatory Memorandum has been lodged with ASIC and ASX pursuant to the Corporations Act and ASX Listing Rules. Neither ASIC, ASX nor any of their officers take any responsibility for the contents of the Notice of Meeting and Explanatory Memorandum.

1.29 Enquiries

All enquiries in relation to the contents of the Notice of Meeting or Explanatory Memorandum should be directed to the Company Secretary, Mr Greg Starr on +61 2 879 8908 or info@azureht.com.au.

2. RESOLUTION 1 – CONSOLIDATION OF CAPITAL

2.1 General

Resolution 1 is to consolidate the Company's issued capital by consolidating every 2.57 Shares into 1 Share (**Consolidation**).

The purpose of the Consolidation is to implement a more appropriate capital structure for the Company going forward and enable the Company to satisfy Chapters 1 and 2 of the ASX Listing Rules and obtain reinstatement to quotation of shares in the Company on ASX.

2.2 Effective Date of the Consolidation

If Shareholders approve Resolution 1, the Consolidation will take effect on 6 March 2020 or such other date as is announced by the Company with at least 6 Business Days' notice (**Effective Date**). The Directors intend to implement the Consolidation prior to the completion of the Proposed Transactions, but it will only occur if:

- (a) Shareholders approve Resolutions 2 to 13;
- (b) all conditions to the Proposed Transactions (other than the Consolidation) are satisfied or waived; and
- (c) the Directors are of the view that all conditions to re-listing on ASX can be satisfied.

2.3 Corporations Act requirements and ASX Listing Rules

Section 254H of the Corporations Act provides that a company may, by resolution passed at a general meeting, convert all or any of its shares into a larger or smaller number of shares. The result of the Consolidation is that every 2.57 shares in the Company pre Consolidation will be converted to 1 Share.

There are currently 179,998,449 shares on issue and the effect of the resolution is that they will be consolidated to 70,000,000 Shares.

2.4 Indicative Timetable for the Consolidation

The indicative timetable for the Consolidation in compliance with the ASX Appendix 3A.3 is set out below:

Event	Date
Announcement of the Consolidation using the ASX Appendix 3A.3 Despatch Notice of Meeting	Tuesday 4 February 2020
General Meeting held Announcement of Effective Date	Friday 6 March 2020

Effective Date of the Consolidation	Friday 6 March 2020
Last day trading in pre-consolidation securities	Monday 9 March 2020
Commencement date of trading in post-consolidation securities on a deferred settlement basis, if agreed by ASX	Tuesday 10 March 2020
Record Date Last day for the Company to register transfers on a pre-consolidation basis	Wednesday 11 March 2020
First day the Company updates its register and sends holding statements to security holders reflecting the change in the number of securities held	Thursday 12 March 2020
Last day the Company updates its register and sends holding statements to security holders reflecting the change in the number of securities held Notifying ASX that register update and holding statements despatch have occurred	Wednesday 18 March 2020
Trading starts on normal T+2 basis	Thursday 19 March 2020
First settlement of trades on deferred settlement basis and on normal T+2 basis	Friday 20 March 2020

2.5 Fractional entitlements

Fractions of a Share resulting from the Consolidation will be rounded down to the nearest whole Share. Each Shareholder's proportional interest in the Company's issued capital will remain unchanged as a result of the Consolidation (other than minor variations resulting from rounding).

2.6 Rights attaching to Shares

Shareholders will hold the same proportion of the Company's share capital and net assets before and after the Consolidation. The current rights attaching to the Shares will not be affected by the Consolidation.

2.7 Taxation

The Consolidation should not give rise to any adverse Australian tax implications for the Company. However, there may be implications for the Security holders, including in

relation to the calculation of the Shareholder's tax cost base and reduced tax cost base for the Shares, Shareholders are advised to seek their own tax advice on the effect of the Consolidation and the Company does not accept any responsibility for the individual taxation implications arising from the Consolidation.

2.8 Holding Statements

As from the Effective Date of the Consolidation, all holding statements for shares will cease to have any effect except as evidence of entitlement to a certain number of pre-Consolidation Shares. After the Consolidation becomes effective, the Company will despatch a notice to Shareholders advising them of the number of Shares held by each Shareholder both before and after the Consolidation. The Company will also arrange for new holding statements to be issued to Shareholders.

2.9 Effect on capital structure

The effect of the Consolidation, the Invictus Acquisition and the Offer on the capital structure of the Company is set out in the table in section 1.7 above (the 179,998,449 shares on issue will be converted into 70,000,000 shares).

3. RESOLUTION 2 – APPROVAL OF CHANGE IN NATURE AND SCALE OF ACTIVITIES OF THE COMPANY

3.1 Background

This Resolution 2 seeks approval for the Company to change the nature and scale of its activities which will result from completion of the Proposed Transactions.

3.2 ASX Listing Rules 11.1 and consequences of resolution passing or not passing

The Company is proposing to undertake the Invictus Acquisition on the terms and conditions set out in the Explanatory Memorandum, which will result in a significant change in the nature and scale of the Company's activities.

In summary, ASX Listing Rule 11.1 provides that a listed company that proposes to make a significant change to the nature or scale of its activities must provide full details to ASX as soon as practicable and:

- (a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (b) if ASX requires, obtain the approval of holders of its shares to the change; and
- (c) if ASX requires, meet the requirements in Chapters 1 and 2 of the ASX Listing Rules as if the Company were applying for admission to the official list of ASX.

ASX has informed the Company that, given the significant change in the scale of the activities of the Company upon completion of the Invictus Acquisition, it requires the Company to:

- (d) obtain Shareholder approval for the proposed change of activities; and
- (e) re-comply with the requirements set out in Chapters 1 and 2 of the ASX Listing Rules.

Resolution 2 seeks the required shareholder approval to the Invictus Acquisition under and for the purposes of Listing Rule 11.1.2.

If Resolution 2 is passed, the Company will be able to proceed with the Invictus Acquisition, Invictus will become a wholly owned subsidiary of the Company and the Company will change its business focus to the development, production, marketing and sale of health and wellbeing products including the development and commercialisation of platforms for the non-invasive delivery of tocotrienols (a form of Vitamin E) for both nutraceutical and pharmaceutical applications

If Resolution 2 is not passed, the Company will not be able to proceed with the Transaction, the Invictus Acquisition Agreement will be terminated, and the Company will likely be removed from the official list of ASX from February 2020.

3.3 Information required by ASX Listing Rule 11.1.2

Details of the Proposed Transactions and changes to the structure and operations of the Company are set out in section 1 of this Explanatory Memorandum.

3.4 Re-compliance with Chapters 1 and 2 of the ASX Listing Rules

Shares in the Company have been suspended from trading on ASX since 25 January 2017 and will not be reinstated until approval by ASX of the Company's application for reinstatement to quotation of shares in the Company on ASX based on the Company satisfying Chapters 1 and 2 of the ASX Listing Rules (**Re-compliance Application**).

The principal requirements of Chapters 1 and 2 of the Listing Rules are that:

- the Company satisfies the ASX that its structure and operations are appropriate for a listed company;
- the Company prepares and issues a prospectus in accordance with the provisions of the Corporations Act;
- the Company has a free float of not less than 20% (at least 20% of the shares are held by persons who are not related to directors or substantial shareholders and not subject to escrow restrictions);
- the Company has obtained the requisite shareholder spread of 300 non-affiliated shareholders (each holding a marketable parcel of \$2,000 worth of shares);
- subject to any exemptions granted by ASX, any new share issues are made at a minimum price of \$0.20 per Share and any options on issue have an exercise price of no less than \$0.20 per option;
- the Company satisfies the ASX Listing Rules test in relation to its asset value (the "assets test");
- the Company complies with Chapter 9 of the ASX Listing Rules in relation to any "restricted securities" it has on issue or is proposing to issue (the ASX escrow requirements). See section 3.6; and
- the Company satisfies the ASX that each Director or proposed director of the Company is of good fame and character.

Shareholders should be aware that Shares will remain suspended by the ASX until ASX is satisfied that the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules. It is the Company's intention to meet these requirements as soon as practicable

after the General Meeting and following the completion of the Offer and the Invictus Acquisition.

3.5 The Invictus Acquisition - Changes to the structure and operations of the Company

The acquisition of Invictus, the capital raising under the Offer and associated transactions will significantly change the structure and operations of the Company. Following completion of the Proposed Transactions the Company will be an early stage health and biopharma company with the objectives of commercialising delivery platforms which allow a natural product, tocotrienols (a form of Vitamin E) to be delivered directly to organs and tissues of the body. In the short term the Company will focus on the marketing and sale of nutraceutical and wellbeing products to deliver early revenues, and the development of prescription medicine candidates for Non-Alcoholic Fatty Liver Disease and pancreatic cancer.

3.6 Expected ASX requirements for restricted securities

The Company expects a number of shareholders will be subject to escrow in relation to their shares. The shareholders, the number of Shares they are expected to hold, and the expected escrow period are set out below.

Entity	Number of Shares to be issued in AZT	Escrow Period
Adam Lanes Pty Ltd	445,158.14	12 months
Phaedonos Investments Pty Ltd (ATF Phaedonos Family Trust)	178,063.26	12 months
JM National Property Pty Ltd (ATF Australian Property Trust)	2,225,791	12 months
ALM Williams Advisors Pty Ltd (ATF ALM Williams Partners Unit Trust)	534,189.77	12 months
Boler Biotech Consulting	71,901.94	12 months
Ganeson-Eckhart Pty Ltd (ATF the Ganeson-Eckhart Family Trust)	940,173.99	12 months
Jeffrey Mark Hanlon (ATF the Greenhorn Investment Portfolio Trust)	1,780,632.56	12 months
Gregory Macosko	473,776.47	12 months
Katrina Mathai, Michael Mathai (ATF Gabramichael Trust)	1,780,632.56	12 months

Entity	Number of Shares to be issued in AZT	Escrow Period
RJR Consulting Inc.	220,200.14	12 months
Xi FU	313,391.33	12 months
FAL Patents Pty Ltd	216,916.66	12 months
Tercus Pty Ltd (ATF Panaccio Superannuation Fund)	890,316.28	24 months
KR And GT Nominees Pty Ltd (ATF The Tong Family Trust)	24,928,856.20	24 months
Aiden Jiang	56,000,483	24 months

Note that the escrow period and number of restricted securities set out in the table above are subject to the ASX's final determination.

4. RESOLUTION 3 – APPROVAL OF THE ACQUISITION OF INVICTUS BIOPHARMA LTD

4.1 General

The Company, Invictus and the current shareholders of Invictus (**Invictus Shareholders**) have entered into an agreement (**Invictus Acquisition Agreement**) under which the Company will purchase 98,279,681 fully paid ordinary shares on issue in the capital of Invictus (which represents all of the share capital of Invictus (**Invictus Shares**)) from the Invictus Shareholders (**Invictus Acquisition**). Following the Invictus Acquisition, Invictus will become a wholly owned subsidiary of the Company.

4.2 Invictus Acquisition Agreement

Under the Invictus Acquisition Agreement the purchase price for the Invictus Shares is \$7,000,000, subject to the adjustments outlined below. The purchase price will be satisfied by issuing up to 35,000,000 Shares to the Invictus Shareholders (**Consideration Shares**) at completion of the Invictus Acquisition Agreement. At the Offer Price of \$0.20 the Consideration Shares will have a value of \$7,000,000.

The Invictus Acquisition Agreement provides for an adjustment to the Purchase Price if the aggregate liability of Invictus to its lenders and creditors exceeds a liability cap of \$1,200,000. The adjustment will be effected by a reduction in the number of Consideration Shares issued to the Invictus Shareholders. For example, if the aggregate liability is \$1,300,000, an excess of \$100,000 over the liability cap, The Company will issue 500,000 less Shares to the Invictus Shareholders.

The liabilities to be taken into account in this adjustment include up to \$850,000 funding provided to Invictus by (Aiden) Wei Jiang (a proposed director of the Company and substantial shareholder – see section 1.8).

The Invictus Acquisition Agreement requires the Company to issue 6,081,228 options to officers, employees and contractors of Invictus (**Consideration Options**) to replace options issued to the holders of employee options issued by Invictus. On issue of the Consideration Options those holders will relinquish the options previously issued to them by Invictus.

Approval of the issue of the Consideration Shares and the Consideration Options is included in Resolutions 5 and 6.

The Invictus Acquisition Agreement otherwise contains terms and conditions which are conventional for a private treaty sale and purchase of shares, including warranties and indemnities given by the Invictus Shareholders. The indemnities include an indemnity in respect of any liabilities of Invictus as at completion of the Invictus Acquisition in excess of the assessed liabilities used for the calculation of the adjustment referred to above.

Completion under the Invictus Acquisition Agreement (**Completion**) is expected to occur immediately after the close of the Offer, and prior to re-quotation of Shares on ASX. There are a number of conditions precedent to Completion as follows:

- The Consideration Shares being included in the Prospectus;
- Shareholders passing the resolutions set out in this Notice of General Meeting;
- The Offer having closed;
- The Invictus Shareholders confirming that the aggregate liability of Invictus to its lenders; and creditors does not exceed \$1,200,000;
- The discharge of any encumbrances over the Invictus Shares;
- Each of the Invictus Shareholders entering into an escrow agreement as required by ASX in respect of the Invictus Shares;
- No material adverse effect having occurred in respect of Invictus;
- Confirmation of the cancellation of the Invictus Employee Options; and
- Other conditions which are customary for similar transactions.

Invictus has a number of wholly-owned subsidiaries. Information on them is set out at section 1.13. They will remain 100% subsidiaries of Invictus following Completion.

4.3 Section 208 of the Corporations Act and the Invictus Acquisition

Section 208 of the Corporations Act provides that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

Related party

Following the completion of the Proposed Transactions, Dr Glenn Tong will become the Managing Director of the Company. Because of this and the operation of section 228(6) of the Corporations Act, Dr Glenn Tong is a related party of the Company. KR and Gt Nominees Pty Ltd (**GT Entity**), an entity controlled by Dr Glenn Tong is also a related party of the Company by operation of sections 228(6) and (4).

Financial benefit

GT Entity is an Invictus Shareholder and currently owns 70,000,001 shares representing 71.60% of the shares on issue in the capital of Invictus. Under the Invictus Acquisition Agreement, the Company will issue a total of 24,928,856 Shares to GT Entity as consideration for the acquisition of the Invictus Shares held by GT Entity. This is equivalent to a cash payment of \$4,985,771 at the Offer Price.

The definition of “financial benefit” in section 229 of the Corporations Act is sufficiently broad that the Invictus Acquisition will result in Dr Glenn Tong and GT Entity being given a financial benefit for the purposes of section 208. Section 229(3) specifically states that issuance of securities to a related party amounts to giving financial benefit to that related party.

Therefore, undertaking the Invictus Acquisition by acquiring Invictus Shares from GT Entity, and issuing 24,928,856 Consideration Shares to it amounts to related party transaction and requires shareholder approval, unless an exception set out in sections 210 to 216 of the Corporations Act applies. No such exemption applies in these circumstances.

4.4 Chapter 2E.1 Division 3 of the Corporations Act

Division 3 of Chapter 2E sets out the procedural requirements for obtaining shareholder approval of a related party transaction. The technical information required under section 219 of the Corporations Act to be included in this Explanatory Memorandum is as follows:

- (a) The related party to whom the financial benefit would be given is GT Entity, an associate of Dr Glenn Tong. Dr Glenn Tong will become a Director of the Company following the completion of the Proposed Transactions (section 219(1)(a));
- (b) The nature of the financial benefit is the acquisition of the Invictus Shares from GT Entity and the issue of 24,928,856 Consideration Shares to GT Entity (section 219(1)(b));
- (c) All the current Directors of the Company recommend that Shareholders approve the Invictus Acquisition including the issue of Consideration shares to GT Entity because the Directors consider the transaction to be an attractive business opportunity for the Company (section 219(1)(c));
- (d) The Directors referred to in paragraph (c) do not have an interest in the outcome of this Resolution (section 219(1)(d));and
- (e) The costs and opportunity costs associated with and the taxation consequences of the Invictus Acquisition are as set out below (section 219(1)(e) and (2)):

Costs:

The principal cost of the Invictus Acquisition to shareholders in AZT is dilution of their holding in AZT. In addition, some of the costs of the Offer set out in section 1.18 are attributable to the Invictus Acquisition.

Opportunity costs:

There are no opportunity costs for AZT associated with the Invictus Acquisition. AZT is a listed shell and is not currently considering any other opportunity.

Taxation consequences:

The Invictus Acquisition will not affect the tax position of AZT or AZT shareholders.

Section 219 of the Corporations Act also requires this Notice of Meeting and Explanatory Memorandum to set out:

“ ...all other information that is reasonably required by members in order to decide whether or not it is in the company’s interests to pass the proposed resolution and is known to the company or to any of its directors.”

In Regulatory Guide 76 ASIC states (at RG 76.104):

“To ensure that members are provided with sufficient information to assess a proposed related party transaction and decide how to vote, it may be necessary for entities to include a valuation from an independent expert with a notice of meeting for member approval under Ch 2E or Pt 5C.7 where:

(a) the financial benefit is difficult to value;

(b) the transaction is significant from the point of view of the entity (see RG 76.112); or

(c) the non-interested directors do not have the expertise or resources to provide independent advice to members about the value of the financial benefit.”

While it is not difficult to value the benefit being provided to GT Entity (the Consideration Shares) it is difficult to value Invictus itself and for this reason the directors have commissioned PKF Melbourne Corporate Pty Ltd (**PKF**) to provide an independent expert valuation of Invictus. PKF provided this valuation on 21 January 2020 (**PKF Report**).

4.5 PKF Report

After assessing relevant information in terms of the Proposed Transactions, PKF has concluded that the Invictus Acquisition is fair and reasonable to the Shareholders who are not associated with Dr Glenn Tong. The major reasons for PKF to draw this conclusion are that:

- (a) PKF assesses that the value per Share after the Invictus Acquisition is higher (midpoint 23.9 cents) than the value per Share before the Invictus Acquisition (midpoint 0.61 cents) (on a post consolidation basis);
- (b) The Invictus acquisition represents an opportunity for the Company to change its business focus to the development, production, marketing and sale of health and wellbeing products including the development and

commercialisation of platforms for the non-invasive delivery of tocotrienols (a form of Vitamin E) for both nutraceutical and pharmaceutical application; and

- (c) The appointment of Mr Lou Panaccio and Dr Glenn Tong to the Board following the Invictus Acquisition will provide the Company with extensive experience and a proven track record within the health sector.

A fully copy of the PKF Report is attached to this Notice of Meeting.

4.6 ASIC lodgement

As required by section 218 of the Corporations Act, this Notice of Meeting, the Explanatory Statement, and the PKF Report were lodged with ASIC on 2 December 2019.

4.7 ASX Listing Rule 10.1

ASX Listing Rule 10.1 provides that an entity (such as the Company) must not, either by itself or through a subsidiary, acquire substantial assets from a related party without shareholder approval.

The Invictus Acquisition will result in the Company acquiring substantial assets from a related party, because:

- (a) the value of the consideration to be paid by the Company for the Invictus Acquisition will exceed 5% of the equity interests of the Company (ASX Listing Rule 10.2), and therefore the Company will acquire substantial assets through the Invictus Acquisition; and
- (b) as mentioned above, Dr Glenn Tong, who is a director of Invictus and whose related entity GT Entity holds approximately 70,000,001 of the shares in Invictus, is a related party of the Company because of the operation of section 228(6) of the Corporations Act.

ASX Listing Rule 10.3(g) provides that ASX Listing Rule 10.1 does not apply to a transaction between the entity and a person who would not otherwise be a related party but for the fact that they believe, or have reasonable grounds to believe, that they are likely to become a related party in the future because of the agreement or transaction.

Dr Glenn Tong and GT Entity will become related parties of the Company only because of the Invictus Acquisition, and therefore ASX Listing Rule 10.1 does not apply to the Invictus Acquisition. Nevertheless, it is noted that the Company is seeking shareholder approval in any event for Corporations Act purposes.

4.8 Other information

Other information in relation to the Invictus Acquisition such as indicative timetable, advantages and disadvantages and risks can be found in section 1 of this Explanatory Memorandum.

5. RESOLUTION 4 – APPROVAL OF THE ISSUE OF SHARES UNDER THE OFFER

5.1 ASX Listing Rule 7.1 and consequences of resolution passing or not passing

The Company is proposing to issue up to 50,000,000 Shares (or such lesser number as the Board approves) on a post consolidation basis at a price of \$0.20 per Share to raise up to \$10,000,000 from investors (**Offer**).

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The issue under the Offer does not fall within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of the Shareholders under Listing Rule 7.1.

Resolution 4 seeks the required shareholder approval to the issue under the Offer under and for the purposes of Listing Rule 7.1.

If Resolution 4 is passed, the Company will be able to proceed with the Offer and raise capital of up to \$10,000,000 from investors by issue of up to 50,000,000 Shares during the period of 3 months after the Meeting (or a longer period if allowed by ASX). Note that the existing shareholder's holding in the Company will be diluted if they do not participate in the Offer. In addition, the issue under the Offer will be excluded from the calculation of the number of equity securities that the Company can issue without shareholder approval under Listing Rule 7.1.

If Resolution 4 is not passed, the Company will not be able to proceed with the Offer, the \$7,000,000 (minimum) or \$10,000,000 (maximum) will not be raised, the Invictus Acquisition Agreement will be terminated and it is likely that the Company will be removed from the official list of ASX from February 2020.

5.2 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Shares under the Offer, the subject of Resolution 4:

- (a) The name of the persons to whom the Company will issue the securities

The Company will issue Shares to persons who are investors who are invited to subscribe for the Shares under the Prospectus pursuant to the Offer.
- (b) Maximum number and class of securities to be issued

The maximum number of Shares to be issued pursuant to this Resolution 4 is 50,000,000. The Shares are fully paid ordinary shares.
- (c) Date for issue of securities

If the Company obtains Shareholder approval for the Resolutions contemplated in the Notice of Meeting and proceeds with the Proposed Transaction, the Company will issue the Shares to be issued pursuant to this Resolution 4 on the Allotment Date, and in any case 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) Issue Price

The issue price under the Offer is \$0.20 per Share.
- (e) The purpose of the issue and intended use of funds raised

The purpose of the issue is for the Company to raise capital of up to \$10,000,000 - please refer to section 1.17 for information on the intended use of funds raised from issue of Shares under the Offer.

(f) Voting exclusion statement

A voting exclusion applies to this Resolution in the terms set out in the Notice of Meeting.

6. RESOLUTION 5 – APPROVAL OF THE ISSUE OF CONSIDERATION SHARES FOR THE INVICTUS ACQUISITION

6.1 Consideration Shares

As set out in section 3.5 of this Explanatory Memorandum, the Company proposes to proceed with the Offer and has agreed to issue the Consideration Shares to the Invictus Shareholders. The table below sets out the Company's estimate of the number of Consideration Shares that each of the Invictus Shareholders (and/or their nominated entities) will acquire and their percentage interest on an undiluted basis assuming the Offer is completed:

Existing Invictus Shareholder	AZT shares Issued	% holding (undiluted)	
		Minimum Subscription	Maximum Subscription
		140,000,000	155,000,000
Adman Lanes Pty Ltd	445,158	0.32%	0.29%
AIM Williams Advisors Pty Ltd (ATF ALM Williams Partners Unit Trust)	534,190	0.38%	0.34%
Boler Biotech Consulting	71,902	0.05%	0.05%
Ganeson-Eckhart Pty Ltd (ATF the Ganeson-Eckhart Family Trust)	940,174	0.67%	0.61%
Jeffrey Mark Hanlon (ATF the Greenhorn Investment Portfolio Trust)	1,780,633	1.27%	1.15%
JM National Property Pty Ltd (ATF Australian Property Trust)	2,225,791	1.59%	1.44%
KR And GT Nominees Pty Ltd (ATF The Tong Family Trust)	24,928,856	17.81%	16.08%
Gregory Macosko	473,776	0.34%	0.31%
Katrina Mathai, Michael Mathai (ATF Gabramichael Trust)	1,780,633	1.27%	1.15%
Phaedonos Investments Pty Ltd (ATF Phaedonos Family Trust)	178,063	0.13%	0.11%
RJR Consulting Inc.	220,200	0.16%	0.14%

Tercus Pty Ltd (ATF Panaccio Superannuation Fund)	890,316	0.64%	0.57%
Xi Fu	313,391	0.22%	0.20%
FAL Patents Pty Ltd	216,917	0.15%	0.14%
Total	35,000,000	25.00%	22.58%

Notes: The above table assumes the full 35,000,000 Shares are issued to the Invictus Shareholders. It is possible less Shares will be issued to them – see section 4.2 and the description of the Invictus Acquisition Agreement. The % holdings specified do not allow for potential dilution due to the exercise of the Consideration Options or the Director Options. KR and GT Nominees Pty Ltd (ATF The Tong Family Trust) is an associate of Glenn Tong. At minimum subscription it is expected that KR and GT Nominees Pty Ltd (ATF The Tong Family Trust) will hold voting power of 17.81% (undiluted).

6.2 ASX Listing Rule 7.1 and consequences of resolution passing or not passing

The Company is proposing to issue up to 35,000,000 Shares on a post consolidation basis to the Invictus Shareholders as consideration for the Invictus Acquisition (**Consideration Shares**).

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The issue of Consideration Shares does not fall within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of the Shareholders under Listing Rule 7.1.

Resolution 5 seeks the required shareholder approval to the issue of Consideration Shares under and for the purposes of Listing Rule 7.1.

If Resolution 5 is passed, the Company will be able to proceed with the issue of the Consideration Shares and proceed with the Invictus Acquisition. Note that the existing shareholders' holding in the Company will be diluted following the issue of Consideration Share. In addition, the Consideration Share to be issued will be excluded from the calculation of the number of equity securities that the Company can issue without shareholder approval under Listing Rule 7.1.

If Resolution 5 is not passed, the Company will not be able to proceed with the issue of Consideration Shares, the Invictus Acquisition Agreement will be terminated, and the Company will likely be removed from the official list of ASX from February 2020.

6.3 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Consideration Shares, the subject of Resolution 5:

- (a) The name of persons to be issued with securities

The persons to be issued with the Consideration Shares are the Invictus Shareholders, as identified in the table in section 6.1.

- (b) Maximum number and class of securities to be issued

The maximum number of Consideration Shares to be issued pursuant to Resolution 5 is 35,000,000 fully paid ordinary shares.

(c) Date for issue of securities

If the Company obtains Shareholder approval for the Resolutions contemplated in the Notice of Meeting and proceeds with the Proposed Transaction, the Company will issue the Consideration Shares pursuant to this Resolution 5 on the Allotment Date, and in any case 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) Issue Price

The issue price of the Consideration Shares is \$0.20 per Share.

(e) The purpose of the issue and the intended use of funds raised

These securities are issued as consideration for the Invictus Acquisition. No funds will be raised from the issue of Consideration Shares.

(f) Summary of the agreement under which the securities are issued

The Consideration Shares are being issued under the Invictus Acquisition Agreement. Please refer to section 4.2 for a summary of other material terms of the Invictus Acquisition Agreement.

(g) Voting exclusion statement

A voting exclusion applies to this Resolution in the terms set out in the Notice of Meeting.

7. RESOLUTION 6 – APPROVAL OF THE ISSUE OF CONSIDERATION OPTIONS

7.1 Consideration Options

Invictus adopted an employee incentive plan on 11 September 2018 to assist in the reward, motivation and retention of its officers, employees and contractors (**Invictus Employees**). As at the date of this Notice of Meeting, a total number of 14,500,000 of these options with an exercise price of \$0.20 (**Invictus Employee Options**) have been issued to the Invictus Employees.

Under the Invictus Acquisition Agreement, the Company agreed to issue a total of 6,081,228 unlisted options to acquire Shares at an exercise price of \$0.479 per option (**Consideration Options**) to the Invictus Employees. The Invictus Employees will agree with the Company to relinquish the Invictus Employee Options.

The table below sets out the Company's estimate of the number of Consideration Options that each of the Invictus Employees (and/or their nominated entities) will acquire and their percentage interest on an undiluted basis:

Invictus Employee	AZT Options Issued	% AZT Owned undiluted Interest	
		Minimum Subscription	Maximum Subscription

Invictus Employee		% AZT Owned undiluted Interest	
		140,000,000	155,000,000
Dr David Kingston	838,790	0.60%	0.54%
Mr Jeffrey Hanlon	838,790	0.60%	0.54%
Mr Greg Macosko	419,395	0.30%	0.27%
Mr Richard Pestell	838,790	0.60%	0.54%
Mr Richard Estalella	3,145,463	2.25%	2.03%
Total	6,081,228	4.34%	3.92%

Notes: The table above assumes no Shares are issued on exercise of Consideration Options

7.2 ASX Listing Rule 7.1 and consequences of resolution passing or not passing

The Company is proposing to issue 6,081,228 unlisted options to the Invictus Employees (**Consideration Options**).

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities (including options) that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The issue of Consideration Options does not fall within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of the Shareholders under Listing Rule 7.1.

Resolution 6 seeks the required shareholder approval to the issue of Consideration Options under and for the purposes of Listing Rule 7.1.

If Resolution 6 is passed, the Company will be able to proceed with the issue of up to 6,081,228 Consideration Options during the period of 3 months after the Meeting (or a longer period if allowed by ASX) and proceed with the Invictus Acquisition. In addition, the issue of the Consideration Options will be excluded from the calculation of the number of equity securities that the Company can issue without shareholder approval under Listing Rule 7.1.

If Resolution 6 is not passed, the Company will not be able to proceed with the issue of Consideration Options, the Invictus Acquisition Agreement will be terminated, and the Company will likely be removed from the official list of ASX from February 2020.

7.3 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Consideration Options, the subject of Resolution 6:

- (a) Name or Identification of recipient of securities

The persons to be issued with the Consideration Options are the Invictus Employees, as identified in the table in section 7.1.

(b) Maximum number and class of securities to be issued

The maximum number of securities to be issued pursuant to Resolution 6 is 6,081,228 unlisted options.

(c) Material terms of the Consideration Options

Each of the Consideration Options is exercisable at \$0.479 per option for one Share. the Consideration Options will expire on various dates between October and December 2025 (details of which are set out in the table below). The Shares to be issued on exercise of the Consideration Options will be fully paid ordinary shares in the Company and will rank equally in all aspects with all existing fully paid ordinary shares previously issued by the Company.

Number of Consideration Options	Expiry Date
5,661,833	08/10/2025
419,395	10/12/2025

(d) Date for issue of securities

If the Company obtains Shareholder approval for the Resolutions contemplated in the Notice of Meeting and proceeds with the Proposed Transaction, the Company will issue the Consideration Options to this Resolution 6 on the Allotment Date, and in any case no later than 3 months after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).

(e) Issue Price or other consideration

The issue price of the Consideration Options is nil. However, it is a condition of the issue of the Consideration Options that the holders relinquish their existing options in Invictus. The exercise price of each Consideration Option is \$0.479.

(f) The purpose of issue and intended use of funds raised

No funds will be raised from the issue of the Consideration Options – these securities are issued as part of consideration for the Invictus Acquisition. Funds raised from exercise of the Consideration Options will be used as general working capital of the Company.

(g) Summary of the agreement under which the securities are issued

The Consideration Options are being issued under the Invictus Acquisition Agreement. Please refer to section 4.2 for a summary of other material terms of the Invictus Acquisition Agreement.

- (h) Voting exclusion statement

A voting exclusion applies to this Resolution in the terms set out in the Notice of Meeting.

8. RESOLUTION 7 – APPROVAL OF EMPLOYEE SHARE OPTION PLAN

8.1 General

The Company wishes to adopt an Employee Share Option Plan (**ESOP**) under which the employees of the Company (including directors and executives of the Company) may participate. The Board believes that the adoption of the ESOP will assist in the reward, retention and motivation of officers, employees and contractors of the Company by enabling them to acquire securities of the Company.

Under section 260C(4) of the Corporations Act the general prohibition on a company financially assisting persons to acquire shares in the company does not apply to financial assistance given under an employee share scheme that has been approved by a resolution passed at a general meeting of the company. Under section 259B(2) of the Corporations Act the general prohibition on a company taking security over shares in itself does not apply where the security is taken under an employee share scheme that has been approved by a resolution passed at a general meeting of the company

8.2 ASX Listing Rule 7.2 Exception 13 and consequences of resolution passing or not passing

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

Exception 13 under ASX Listing Rule 7.2 provides that equity securities issued under an employee incentive scheme that are approved by shareholders within 3 years before the issue date are not counted in the 15% share issue limit in Listing Rule 7.1. For approval to be effective under Exception 13 the Notice of Meeting for approval must include:

- (a) a summary of the terms of the scheme;
- (b) the number of securities issued under the scheme since the date of last approval; and
- (c) a voting exclusion statement.

Resolution 7 seeks the required shareholder approval for adoption of the ESOP under and for the purposes of Listing Rule 7.2 Exception 13.

If Resolution 7 is passed, the Company will be able to issue securities to eligible employees under the ESOP without using up any of the Company's 15% limit on issuing equity securities without shareholder approval set out in Listing Rule 7.1.

If Resolution 7 is not passed, the Company may still issue securities to eligible employees under the ESOP but any issue will reduce, to that extent, the Company's capacity to issue equity securities without shareholder approval set out in Listing Rule 7.1 for 12 months following the issuance.

8.3 Employee Share Option Plan

The Company proposes to adopt the Employee Share Option Plan (**ESOP**) to better align the interests of officers, employees and contractors of the Company with the interests of Shareholders.

Summary of the terms of the scheme

Under the ESOP, the employees of the Company may be issued with Options which entitle the holder to subscribe for Shares. The Company may lend the exercise price of the Options to the holder on a limited recourse basis and take security over the shares.

The terms and conditions on which the Options are issued will be determined by the Directors. Typically, the Options will be subject to vesting conditions and the Options cannot be exercised until the vesting conditions are satisfied. The vesting conditions are usually related to length of service and on executives' satisfaction of Company and personal KPIs.

The final terms and conditions on which loans are granted are to be determined by the Directors. The loans are likely to be interest free and with limited recourse. Usually the loans will be secured over the Shares issued on exercise of the Options and the Shares may not be disposed of until the loans are fully repaid.

A full copy of the rules of the ESOP is available for inspection at the registered office of the Company and will be provided free of charge to Shareholders on request.

Number of securities issued under the scheme

Not applicable – no securities have been issued under the ESOP.

The maximum number of shares and options on issue at any time and subject to the ESOP is 15,500,000 (being 10% of the Shares on issue assuming the Maximum Subscription). The Company will seek Shareholder approval if this ceiling is reached and it proposes to issue additional options under the ESOP.

8.4 Voting Exclusion Statement

A voting exclusion applies to this Resolution in the terms set out in the Notice of Meeting.

8.5 Board Recommendation

The Board recommends that you vote in favour of this Resolution.

9. RESOLUTIONS 8 - 13 – APPROVAL OF THE ISSUE OF OPTIONS TO DIRECTORS AND PROPOSED DIRECTORS OF THE COMPANY

9.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue up to 10,500,000 Options to current and proposed directors as part of their remuneration package (**Director Options**).

The Board of the Company considers that the issuing of Director Options to these directors under the ESOP as part of their remuneration package will assist in retention and motivation of these directors and maintain the Company's cash reserves.

The table below sets out the number of options proposed to be issued to the relevant directors (and/or their nominated entities):

Name	Number of Options to be issued	Remuneration package (base fees / salary p.a.)
Mr Lou Panaccio	3,000,000	\$70,000
Dr Glenn Tong	1,500,000	\$285,000
Aiden Jiang	1,500,000	\$50,000
Kevin Chen	1,500,000	\$50,000
Steven Yu	1,500,000	\$195,000
Greg Starr	1,500,000	\$160,000
Total	10,500,000	

Notes: This is subject to the final decision of the Company's Remuneration and Nomination Committee.

9.2 ASX Listing Rules 10.14 and consequences of resolution passing or not passing

Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire equity securities under an employee incentive scheme:

- (a) a director of the company (Listing Rule 10.14.1);
- (b) an associate of a director of the company (Listing Rule 10.14.2); or
- (c) a person whose relationship with the company or a person referred to in Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its shareholders (Listing Rule 10.14.3),

unless it obtains the approval of its shareholders.

The issue of Director Options falls within Listing Rule 10.14.1 (in case the directors nominate other entities, Listing Rule 10.14.2) above and therefore requires the approval of the Shareholders under Listing Rule 10.14.

Resolutions 8 - 13 seek the required shareholder approval to the issue of up to a total of 10,500,000 Director Options under and for the purposes of Listing Rule 10.14.

If Resolutions 8 - 13 are passed, the Company will be able to proceed with the issue of Director Options and any issuance of Shares on exercise of the options issued may also proceed without Shareholder's approval.

If Resolutions 8 - 13 are not passed, the Company will not be able to proceed with the issue of Director Options and may need to increase the director's cash remuneration.

9.3 Technical information required by ASX Listing Rule 10.15

Pursuant to and in accordance with the requirements of the ASX Listing Rules 10.15, the following information is provided in relation to the proposed issue of Director Options the subject of Resolutions 8 - 13:

- (a) The name of the persons
Please refer to the table in section 9.1.
- (b) Category in Listing Rules 10.14.1 – 10.14.3
Issue of Director Options to directors themselves listed in the table in section 9.1 – category in Listing Rule 10.14.1.
Issue of Director Options to the nominees of the directors listed in the table in section 9.1 – category in Listing Rule 10.14.2.
- (c) The maximum number and class of securities to be issued
Please refer to the table in section 9.1. The securities to be issued are unlisted options.
- (d) Details of the remuneration package of each of the directors to be issued with the Director Options
Please refer to the table in section 9.1.
- (e) The number of securities that have been issued to the directors under the ESOP
Nil.
- (f) Terms of the securities
Each Director Option has an exercise price of \$0.30 for a Share and will expire 5 years after the date of issue. Shares to be issued on exercise of these Options will rank equally in all aspect with all existing fully paid ordinary shares previously issued by the Company.
- (g) The reason that options are being used for the issue rather than Shares
The issuance of options to Directors and proposed directors aligns their personal interest with the Company by creating future ownership. The issue of options allows the Company to set vesting conditions based on the Company's performance and assists in the retention of the directors.
- (h) The value the Company attributes to the Director Options and its basis
The Company currently values each Director Option at 0.07 cents, based on the Black Scholes valuation method and assuming a 20 cents value for Shares, a 30 cents exercise price and 5 year option term.
- (i) The issue date
Subject to obtaining Shareholder approval of all the Resolutions contemplated in the Notice of Meeting, the Company will issue the Director Options at the

same time as issuing Shares to successful applicants under the Offer, in any case no later than 3 years after the date of the General Meeting.

(j) The issue price

The Director Options will be issued for nil consideration.

(k) A summary of material terms of the ESOP

Please refer to section 8.3.

(l) A summary of material terms of any loan that will be made to the persons

Please refer to section 8.2(a) and 8.3.

(m) Voting exclusion statement

This is included in the Notice of the Meeting.

(n) Other information

Details of any securities issued under the ESOP will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.

Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the ESOP, after this Resolution 8 is passed and who were not named in this Notice of Meeting will not participate until approval is obtained under Listing Rule 10.14.

9.4 Section 208 of the Corporations Act

Section 208 of the Corporations Act requires that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

(a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and

(b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Director Options constitutes giving a financial benefit and the persons listed in the table in section 9.1 are related parties of the Company by virtue of section 228 of the Corporations Act.

One of the exceptions to section 208 is the payment of reasonable remuneration. The Company's Nomination and Remuneration Committee, constituted for this purpose by the existing Board of Directors of the Company in relation to the proposed remuneration package of Mr Lou Panaccio and Dr Glenn Tong, reviewed the fees to be paid to the Chairman and Managing Director of the Company and has as part of that review recommended the issue of the Director Options as being reasonable remuneration having regard to the responsibilities involved in the office and the functions to be

performed by the Chairman and Managing Director, and the objectives set out in the Charter of the Nomination and Remuneration Committee.

The Company's Nomination and Remuneration Committee, constituted for this purpose by:

- (a) Kevin Chen, Steven Yu and Greg Starr in relation to the remuneration package of Mr Aiden Jiang;
- (b) Aiden Jiang, Steven Yu and Greg Starr in relation to the remuneration package of Mr Kevin Chen;
- (c) Aiden Jiang, Kevin Chen and Greg Starr in relation to the remuneration package of Mr Steven Yu; and
- (d) Aiden Jiang, Kevin Chen and Steven Yu in relation to the remuneration package of Mr Greg Starr,

reviewed the fees to be paid to the executive Director, non-executive Director and deputy Chairman of the Company and has as part of that review recommended the issue of the Director Options as being reasonable remuneration having regard to the responsibilities involved in the office and the functions to be performed by the executive Directors, non-executive Directors and deputy Chairman, and the objectives set out in the Charter of the Nomination and Remuneration Committee.

9.5 ASX Listing Rules 7.1 and 7.2

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Director Options as approval is being obtained under ASX Listing Rule 10.14 (Exception 14 under ASX Listing Rule 7.2). Accordingly, the issue of the Directors Shares will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

10. GLOSSARY

Allotment Date	31 March 2020 or such other date notified by the Company
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited (ACN 008 624 691) or, where the context requires, the Australian Securities Exchange operated by ASX Limited
ASX Listing Rules	The Official Listing Rules of ASX
Board	Board of directors of the Company
Closely Related Party	Has the meaning given to it under Chapter 19 of the ASX Listing Rules
Company or AZT	Azure Health Technology Limited ACN 111 082 485
Consideration Shares	The Shares to be issued to the Invictus Shareholders under the Invictus Acquisition Agreement. See section 6.1
Consideration Options	The Options to be issued to the Invictus Employees. See section 7.1
Consolidation	The consolidation of Shares on the basis of every 2.57 Shares being consolidated into 1 Share. See section 2
Constitution	The constitution of the Company
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Director	A director of the Company
Director Options	Options to be issued to Directors under Resolution 8. See section 9.1
Effective Date	The effective Date of the consolidation. See section 2.2
ESOP or Employee Share Option Plan	The employee share option plan proposed to be adopted by the Company the subject of Resolution 6. See section 6
General Meeting	The general meeting of the Company to be held on 6 March 2020
Group	The Company, its subsidiaries and each of its proposed subsidiaries
Invictus	Invictus Biopharma Limited ACN 618 241 725

Invictus Acquisition	The acquisition of the shares in Invictus. See sections 1.2 and 3.5
Invictus Acquisition Agreement	The agreement for the acquisition by the Company of all of the shares in Invictus. See sections 1.2, 3.5 and 4.1
Invictus Employees	The officers, employees and contractors of Invictus who hold Invictus Employee Options
Invictus Employee Option	An option issued under an employee incentive plan adopted by Invictus on 11 September 2018 and held by an Invictus Employee. See section 7.1
Invictus Shares	The 98,279,681 fully paid ordinary shares currently on issue in Invictus. See section 4.1
Invictus Shareholders	The persons who hold shares in Invictus as at the date of this Notice of Meeting
KMP	Has the meaning given to it in Chapter 19 of the ASX Listing Rules
New Shares	Shares issued pursuant to the Prospectus
Notice of General Meeting	The notice of General Meeting to which this Explanatory Memorandum is attached
Offer Conditions	The conditions of the Offers. See section 1.15
Offer	The Offer of up to 50,000,000 New Shares at \$0.20 to be made under the Prospectus
Official List	The official list of the ASX
Offer Price	\$0.20 per Share
PKF	PKF Melbourne Corporate Pty Ltd ACN 063 564 045
PKF Report	The report of PKF Melbourne Corporate Pty Ltd dated 29 November 2019 including an independent expert valuation of Invictus. See sections 4.4 and 4.5. A copy of the PKF Report is attached to this Notice of General Meeting
Proposed Transactions	The Invictus Acquisition, the Offer and related transactions. See section 1.2
Prospectus	The prospectus to be issued by the Company for the Offer
Re-compliance Application	The Company's application for reinstatement to quotation of shares in the Company on ASX based on the Company satisfying the requirements of Chapters 1 and 2 of the ASX Listing Rules. See sections 1.4 and 3.4

Share	A fully paid ordinary share in the Company
Shareholder	A person who holds Shares in the Company
Timetable	The timetable set out in in section 1.3

21 January 2020

The Directors
Azure Health Technology Limited
MLC Centre
Suite 03, Level 45,
19-29 Martin Place
Sydney NSW 2000

Dear Directors

Re: Independent Expert's Report

1. Introduction

Mr Gregory Starr, Director and Company Secretary of Azure Health Technology Limited ("AZT" or the "Company") has requested PKF Melbourne Corporate Pty Ltd ("PKF Corporate") to prepare an independent expert's report ("IER") for the benefit of the shareholders of AZT in respect of a proposed transaction, which will involve AZT acquiring all of the issued capital in Invictus BioPharma Limited ("Invictus").

2. Proposed Transaction

2.1 Background to the Proposed Transaction

On 8 November 2019, AZT announced that it had signed a binding, conditional Memorandum of Understanding ("MOU") with Invictus to acquire 100% of the issued capital of Invictus, in return for equity (both shares and options) in AZT and the assumption of up to \$1.2 million of Invictus' net liability to creditors and lenders (the "Proposed Transaction").

The first part of the consideration in relation to the acquisition of Invictus will involve the Company issuing up to 35 million fully paid ordinary shares ("Consideration Shares") in AZT to Invictus shareholders. These shares will be issued to Invictus shareholders in their respective proportions and will rank equally with existing AZT shares. AZT will also issue up to 6,081,228 options to subscribe for fully paid ordinary shares in AZT to participants in the existing Invictus BioPharma Employee Incentive Plan ("Invictus Plan") with an exercise price of \$0.477 per option ("Consideration Options"). The Consideration Options will be issued on terms similar to the existing Invictus Plan. All previous and outstanding options under the Invictus Plan will be cancelled.

The second part of the consideration will involve AZT assuming up to \$1.2 million ("Target Liability") of Invictus' net liability to creditors and lenders as at the date of completion. To the extent that Invictus' actual net liability exceeds the Target Liability, an adjustment will be made to reduce the number of Consideration Shares issued.

The acquisition of Invictus is conditional on a proposed capital raising and relisting of AZT. In order to comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules, the Company is proposing to undertake a capital raising by way of a general public offer ("Public Offer") to raise between \$7 million and \$10 million by the issue of between 35 million and 50 million shares at \$0.20 per share.

Dr Glenn Tong is a Director of Invictus, and it is proposed that he will become the Managing Director of AZT following the completion of the Proposed Transaction. Whilst we understand that the acquisition of Invictus has been negotiated on an arm's length basis, as Dr Tong will become a Director of AZT and will be a substantial shareholder in AZT, shareholder approval pursuant to the requirements of Chapter 2E of the Corporations Act 2001 ("the Act") is being sought.

2.2 Proposed Resolutions to be Approved by Shareholders

AZT intends to seek shareholder approval of the Proposed Transaction at the forthcoming General Meeting. The Notice of Annual General Meeting (the "Notice") requires the shareholders to vote on the following resolutions (the "Resolutions"):

Resolution 1 – Consolidation of capital

'That, subject to Resolutions 2-13 (inclusive) being passed, pursuant to section 254H of the Corporations Act and for all other purposes, with effect from the Effective Date as described in the Explanatory Memorandum, the issued capital of the Company be consolidated on the basis that every 2.57 Shares be consolidated into 1 Share.'

Resolution 2 – Approval of change in nature and scale of activities

'That, subject to Resolutions 1 and 3-13 (inclusive) being passed, for the purpose of ASX Listing Rule 11.1.2, 11.1.3 and for all other purposes, the Company be authorised to make a significant change to the nature and scale of its activities by undertaking the transactions set out in the Explanatory Memorandum.'

Resolution 3 – Approval of the acquisition of Invictus BioPharma Ltd

'That, subject to Resolutions 1-2 and 4-13 (inclusive) being passed, for the purpose of section 208 of the Corporations Act and for all other purposes, approval is given for the Company to acquire all the shares in the capital of Invictus Biopharma Ltd on the terms and conditions set out in the Explanatory Memorandum.'

Resolution 4 – Approval of the issue of shares under the Offer

'That, subject to Resolutions 1-3 and 5-13 (inclusive) being passed, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the issue of up to 50,000,000 Shares on a post consolidation basis at a price of \$0.20 per Share to investors under the Offer, on the terms and conditions set out in the Explanatory Memorandum.'

Resolution 5 – Approval of the issue of Consideration Shares for the Invictus acquisition

'That, subject to Resolutions 1-4 and 6-13 (inclusive) being passed, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the issue of up to 35,000,000 Shares on a post consolidation basis to the Invictus Shareholders as Consideration Shares, on the terms and conditions set out in the Explanatory Memorandum.'

Resolution 6 – Approval of the issue of Consideration Options

'That, subject to Resolutions 1-5 and 7-13 (inclusive) being passed, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the issue of up to 6,081,228 Options to the Invictus Employees as Consideration Options, on the terms and conditions set out in the Explanatory Memorandum.'

Resolution 7 – Approval of Employee Share Option Plan

'That, for the purposes of ASX Listing Rule 7.2 Exception 13, sections 259B (2) and 260C (4) of the Corporations Act and for all other purposes, approval is given for the Employee Share Option Plan described in the Explanatory Memorandum and the issue of securities, grant of loans and taking of security under the Employee Share Option Plan.'

Resolution 8 – Approval of issue of options to Mr Lou Panaccio

'That, subject to Resolutions 1-7 and 9-13 (inclusive) being passed, for the purpose of ASX Listing Rule 10.14 and for all other purposes, the Shareholders approve the issue of up to 3,000,000 options to acquire Shares to Mr Lou Panaccio, a proposed Director, under the ESOP as part of his remuneration package, on the terms and conditions set out in the Explanatory Memorandum.'

Resolution 9 – Approval of issue of options to Dr Glenn Tong

'That, subject to Resolutions 1-8 and 10-13 (inclusive) being passed, for the purpose of ASX Listing Rule 10.14 and for all other purposes, the Shareholders approve the issue of up to 1,500,000 options to acquire Shares to Dr Glenn Tong, a proposed Director, under the ESOP as part of his remuneration package, on the terms and conditions set out in the Explanatory Memorandum.'

Resolution 10 – Approval of issue of options to Mr Aiden Jiang

'That, subject to Resolutions 1-9 and 11-13 (inclusive) being passed, for the purpose of ASX Listing Rule 10.14 and for all other purposes, the Shareholders approve the issue of up to 1,500,000 options to acquire Shares to Mr Aiden Jiang, who is a Director, under the ESOP as part of his remuneration package, on the terms and conditions set out in the Explanatory Memorandum.'

Resolution 11 – Approval of issue of options to Mr Kevin Chen

'That, subject to Resolutions 1-10 and 12-13 (inclusive) being passed, for the purpose of ASX Listing Rule 10.14 and for all other purposes, the Shareholders approve the issue of up to 1,500,000 options to acquire Shares to Mr Kevin Chen, who is a Director, under the ESOP as part of his remuneration package, on the terms and conditions set out in the Explanatory Memorandum.'

Resolution 12 – Approval of issue of options to Mr Steven Yu

'That, subject to Resolutions 1-11 (inclusive) and 13 being passed, for the purpose of ASX Listing Rule 10.14 and for all other purposes, the Shareholders approve the issue of up to 1,500,000 options to acquire Shares to Mr Steven Yu, who is a Director, under the ESOP as part of his remuneration package, on the terms and conditions set out in the Explanatory Memorandum.'

Resolution 13 – Approval of issue of options to Mr Greg Starr

'That, subject to Resolutions 1-12 (inclusive) being passed, for the purpose of ASX Listing Rule 10.14 and for all other purposes, the Shareholders approve the issue of up to 1,500,000 options to acquire Shares to Mr Greg Starr, a Director, under the ESOP as part of his remuneration package, on the terms and conditions set out in the Explanatory Memorandum.'

Resolution 3 above (approval of the acquisition of Invictus BioPharma Ltd) is the only resolution on which we are required to opine. Nevertheless, as resolutions 1 to 13 are interdependent, shareholders must approve all of these resolutions for the acquisition to proceed. Hence, we have referred to these resolutions as the "Proposed Transaction" throughout the remainder of this report. Furthermore, we will refer to the date at which the Proposed Transaction occurs as the "Transaction Date".

2.3 Impact of the Proposed Transaction

The Proposed Transaction will, among other things, result in AZT:

- i) Consolidating its existing shares on a 2.57 to 1 basis;
- ii) Acquiring Invictus; and
- iii) Raising a minimum of \$7 million pursuant to a Prospectus.

Mr Gregory Starr, Director and Company Secretary of AZT, has requested PKF Corporate to prepare an IER in accordance with ASIC Regulatory Guide 111 – Content of Expert Reports (“RG 111”). RG 111 requires the Independent Expert to advise the shareholders of AZT as to whether the Proposed Transaction is fair and reasonable, when considered in the context of the interests of the Non-Associated Shareholders (all shareholders entitled to vote on Resolution 3). Our report has also been prepared in accordance with the requirements of ASIC Regulatory Guide 76, Related Party Transactions (“RG 76”).

3. Summary Opinion

In our opinion, the Proposed Transaction is **fair and reasonable** to the Non-Associated Shareholders. Our principal reasons for reaching this opinion are:

Fairness

- a) In section 7 we have assessed the value of an AZT share on a control basis before the Proposed Transaction to be in the range of 0.12 cents to 0.25 cents per share with a midpoint of 0.19 cents per share. To adjust this value for the consolidation of an existing share, we have multiplied this range with the consolidation ratio, which results in a range of 0.31 cents to 0.64 cents per share with a midpoint of 0.46 cents per share.
- b) In section 10 we have assessed the value of an AZT share on a minority basis after the Proposed Transaction to be in the range of 20.4 cents to 27.6 cents per share with a midpoint of 24.0 cents per share.
- c) As the midpoint value of an AZT share after the Proposed Transaction of 24.0 cents per share is greater than the value of an AZT share prior to the Proposed Transaction of 0.46 cents per share, we have concluded that the Proposed Transaction is **fair**.

Reasonableness

The key reasons for assessing the Proposed Transaction as **reasonable** are:

- a) We have assessed the Proposed Transaction to be fair.
- b) The acquisition of Invictus represents an opportunity for the Company to change its business focus to the development, production, marketing and sale of health and wellbeing products including the development and commercialisation of platforms for the non-invasive delivery of tocotrienols (a form of Vitamin E) for both nutraceutical and pharmaceutical application.
- c) The appointment of Mr Louis Panaccio as Independent Non-Executive Chairman and Dr Glenn Tong as Managing Director will provide the Company with extensive experience and a proven track record within the health sector.
- d) The acquisition of Invictus will result in the issue of Consideration Shares as well as shares issued under the prospectus. These additional shares will dilute the holding of current shareholders.
- e) The manner in which the change to the nature and scale of the Company's activities is being achieved may not be consistent with the objectives of all shareholders.
- f) Whilst Invictus has demonstrated significant growth since its inception, there is no guarantee that the potential for future growth will ever be realised under the ownership of AZT.
- g) There is no guarantee that the Company will successfully complete the re-compliance or that the ASX will approve re-quotations of the shares of the Company upon passing of all the Resolutions.

4. Structure of this report

The remainder of this report is divided into the following sections:

<u>Section</u>		<u>Page</u>
5	Purpose of the Report	6
6	AZT – Key Information	10
7	Valuation of AZT before the Proposed Transaction	14
8	Invictus – Key Information	18
9	Assessment of the Value of Invictus	24
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A	Sources of Information	43
B	Declarations, Qualifications and Consents	44
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1	Acuity Technology Management Pty Ltd Independent Technical Specialist report	

5. Purpose of the Report

This report has been prepared to meet the following regulatory requirements:

5.1 Corporations Act 2001 – Chapter 2E (“Ch 2E”)

Section 208 of the Act states that a public company must obtain approval from the company’s members if it gives a financial benefit to a related party unless the benefit falls within the scope of an exception to the Act as set out in Section 210 to 216 of the Act.

Section 210 of the Act states that member approval is not needed to give a financial benefit on terms that:

- (a) would be reasonable in the circumstances if the public company or entity and the related party were dealing at arm’s length; or
- (b) are less favourable to the related party than the terms referred to in paragraph (a) above.

Section 211 of the Act states that member approval is not needed to give a financial benefit if:

- (a) the benefit is remuneration to a related party as an officer or employee;
- (b) to give the remuneration would be reasonable.

Section 228 of the Act defines ‘related parties’ as:

- (a) directors of the public company;
- (b) directors (if any) of an entity that controls the public company;
- (c) if the public company is controlled by an entity that is not a body corporate – each of the persons making up the controlling entity;
- (d) spouses and de facto spouses of the persons referred to in paragraphs (a) to (c) above.

Being a future Director of AZT, Dr Glenn Tong is a related party of AZT under Section 228 (6) of the Act. The issue of AZT shares to Dr Tong or his associates in consideration for acquisition of Invictus will constitute a financial benefit for these purposes.

This issue of AZT shares to Glenn Tong and his appointment as Managing Director of AZT, as part of the Proposed Transaction are permitted by the Act, however Section 208 provides that prior shareholder approval is required before a public company can provide a financial benefit to a related party. Under Section 219, shareholders must be provided with all the information that is reasonably required in order for them to decide whether or not it is in the company’s interests to approve the giving of the financial benefit.

The ASIC media release issued on 10 August 2004 has expressed the view that the financial benefit must be adequately valued. ASIC has gone on to state:

“An adequate valuation requires the basis of the valuation and the principal assumptions behind the valuation to be disclosed, and in some circumstances, it may be necessary to provide a valuation by an independent expert.”

Mr Starr has requested PKF Corporate to independently assess the value of this financial benefit.

5.2 ASIC Regulatory Guides

This report has been prepared in accordance with the ASIC Regulatory Guides and more particularly:

RG 76 – Related Party Transactions (“RG 76”)

RG 76.104 To ensure that members are provided with sufficient information to assess a proposed related party transaction and decide how to vote, it may be necessary for entities to include a valuation from an independent expert with a notice of meeting for member approval under Ch 2E or Pt 5C.7 where:

- (a) the financial benefit is difficult to value;
- (b) the transaction is significant from the point of view of the entity (see RG 76.112);
or
- (c) the non-interested directors do not have the expertise or resources to provide independent advice to members about the value of the financial benefit.

RG 76.106 Independent valuation advice on a proposed related party transaction can help members better understand and assess the proposal and make an informed decision about how to vote. Independent valuation advice can also play an important part in maintaining investor confidence in the management of the entity.

RG 76.108 There is no express requirement in Ch 2E for an independent expert report to be obtained for provision to members with a notice of meeting. However, we encourage independent expert reports to be obtained and sent to members with the accompanying explanatory material in the circumstances set out in RG 76.104.

RG 76.109 In our view, under Ch 2E and directors' duties, directors have a general obligation to include information about the value of a financial benefit in a notice of meeting for member approval of a related party benefit. The directors' fiduciary duty of disclosure generally requires notices of meeting for approval of asset sales or acquisitions to include the material information necessary for members to assess whether a transaction is for a fair price, and whether the terms and conditions are onerous or disadvantageous: see *Sunraysia* at 635.

RG 76.110 The economic and commercial considerations addressed in the examples in s219(2) would often require directors to provide information about the value of the benefit.

RG 76.111 In some cases, a notice of meeting for approval of a related party benefit could include information about the value of the financial benefit in the form of advice from the non-interested directors. However, given the complexities and inherent conflicts of interest involved in many related party transactions, it is sometimes more appropriate for an entity to commission an independent expert to give an opinion on the proposed transaction.

RG 76.112 A transaction can be significant from the point of view of an entity so that an independent expert report may be necessary (see RG 76.104(b)) for reasons other than the dollar value involved. For example, a transaction may be considered to be significant if it involves a change of business activities or strategic direction, the replacement of the full board, substantial dilution of existing members, or if it is very complex.

RG 76.113 Regulatory Guide 111 – Content of expert reports (RG 111) provides guidance on the content of expert reports for related party and other transactions and how experts should assess related party transactions.

RG 111 – Content of Expert Reports (“RG 111”)

RG 111.52 Experts who are asked to prepare a report for the following transactions should comply with RG 111.53–RG 111.63:

- (a) a transaction with a related party that requires member approval under Ch 2E;
or
- (b) a transaction with a person in a position of influence that requires member approval under ASX Listing Rule 10.

- RG 111.53 When analysing related party transactions, it is important that an expert focuses on the substance of the related party transaction, rather than the legal mechanism. For example, where a related party transaction is made up of a number of separate components, the expert should consider the overall effect of the related party transaction.
- RG 111.54 Where the related party transaction is one component of a broader transaction or a series of transactions involving non-related parties (such as a control transaction), the expert should carefully consider what level of analysis of the related party aspect is required: see also RG 111.4. In this consideration, the expert should bear in mind whether the report has been sought to ensure that members are provided with sufficient information to decide whether to approve giving a financial benefit to the related party as well as the broader transaction.
- RG 111.55 Generally, ASIC expects an expert who is asked to analyse a related party transaction to express an opinion on whether the transaction is 'fair and reasonable' from the perspective of non-associated members. This analysis is specifically required where the report is also intended to accompany meeting materials for member approval of an asset acquisition or disposal under ASX Listing Rule 10.1.
- RG 111.56 Where an expert assesses whether a related party transaction is 'fair and reasonable' (whether for the purposes of Ch 2E or ASX Listing Rule 10.1), this should not be applied as a composite test – that is, there should be a separate assessment of whether the transaction is 'fair' and 'reasonable', as in a control transaction. An expert should not assess whether the transaction is 'fair and reasonable' based simply on a consideration of the advantages and disadvantages of the proposal, as we do not consider this provides members with sufficient valuation information. See Regulatory Guide 76 – Related party transactions (RG 76) at RG 76.106–RG 76.111 for further details.
- RG 111.57 A proposed related party transaction is 'fair' if the value of the financial benefit to be provided by the entity to the related party is equal to or less than the value of the consideration being provided to the entity. This comparison should be made:
- (a) assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length; and
 - (b) for control transactions, on the basis referred to in RG 111.11.
- RG 111.59 In valuing the financial benefit given and the consideration received by the entity, an expert should take into account all material terms of the proposed transactions.
- RG 111.60 A proposed related party transaction is 'reasonable' if it is 'fair'. It might also be 'reasonable' if, despite being 'not fair', the expert believes there are sufficient reasons for members to vote for the proposal.
- RG 111.61 If an expert concludes that a related party transaction is not fair, but reasonable, it should clearly explain the meaning of this opinion, why the expert has reached this conclusion, and the significance of the conclusion to the decision to be made by security holders (e.g. what it might mean for the security holders' decision-making): see also RG 111.16–RG 111.17.

- RG 111.62 When deciding whether a proposed transaction is ‘reasonable’, factors that an expert might consider include:
- (a) the financial situation and solvency of the entity, including the factors set out in RG 111.26, if the consideration for the financial benefit is cash;
 - (b) opportunity costs;
 - (c) the alternative options available to the entity and the likelihood of those options occurring;
 - (d) the entity’s bargaining position;
 - (e) whether there is selective treatment of any security holder, particularly the related party;
 - (f) any special value of the transaction to the purchaser, such as particular technology or the potential to write off outstanding loans from the target; and
 - (g) the liquidity of the market in the entity’s securities.

5.3 General

The terms “fair” and “reasonable” are not defined in the Act, however, guidance as to the meaning of these terms is provided by ASIC in Regulatory Guide 111. For the purpose of this report, we have defined them as follows:

Fairness	the Proposed Transaction is “fair” if the minority value of an AZT share after the Proposed Transaction is equal to or greater than the control value of an AZT share before the Proposed Transaction.
Reasonableness	the Proposed Transaction is “reasonable” if it is fair. It may also be “reasonable” if, despite not being “fair” but after considering other significant factors, shareholders should vote in favour of the Proposed Transaction in the absence of a superior proposal being received.

What is fair and reasonable for the AZT Non-Associated Shareholders should be judged in all the circumstances of the proposal.

The methodology that we have used to form an opinion as to whether the Proposed Transaction is fair and reasonable, is summarised as follows:

- i) In determining whether the Proposed Transaction is fair, we have:
 - assessed the value of one AZT share before the Proposed Transaction;
 - assessed the value of Invictus;
 - included the value of the capital raised from the Public Offer, net of costs;
 - assessed the value of AZT after the Proposed Transaction and determined the minority value of one AZT share; and
 - compared the control value of one AZT share before the Proposed Transaction with the minority value of one AZT share after the Proposed Transaction.
- ii) In determining whether the Proposed Transaction is reasonable, we have analysed other significant factors that the Non-Associated Shareholders should review and consider prior to accepting or rejecting the Proposed Transaction.

6. AZT – Key Information

6.1 Background

- 6.1.1 AZT was formerly known as MOKO Social Media Limited (“MOKO”). MOKO was incorporated on 22 September 2004 and was listed on the ASX on 27 June 2007. On 25 January 2017 MOKO’s shares were suspended from quotation on the official list of the ASX.
- 6.1.2 A proposal from Benelong Capital Partners Pty Ltd for the restructure and recapitalisation of MOKO via a varied Deed of Company Arrangement (DOCA) was submitted on 27 June 2018. As part of the recapitalisation, existing shares and options of MOKO were consolidated on a 382 to 1 basis, and 144,000,000 shares were issued to Mr Wei Jiang at a price of \$0.00246527777 per share to raise \$355,000.
- 6.1.3 Shareholders of MOKO approved the varied DOCA on 18 December 2018. Following the restructuring and recapitalisation process, MOKO was removed from external administration and control was handed to a new Board of Directors.
- 6.1.4 Shareholders of MOKO approved the change of name to Azure Health Technology Limited on 5 February 2019. As of the date of this report, AZT remains a listed shell company with no operating business.

6.2 Directors of AZT

- 6.2.1 AZT’s Board of Directors and other key executives at the date of this report are presented in the table below. The current directors of the Company were all appointed following the recapitalisation on 18 December 2018 and the previous directors all subsequently resigned to facilitate the completion of the recapitalisation.

Table 1

Azure Health Technology Limited Current Board of Directors	Position
Mr Wei (Aiden) Jiang	Non-Executive Chairman
Mr Jiayu (Steven) Yu	Non-Executive Director
Mr Gregory (Greg) Barry Starr	Non-Executive Director and Company Secretary
Mr Weidong (Kevin) Chen	Non-Executive Director

Source: AZT FY19 Annual Report and ASIC extract

6.3 Share capital

- 6.3.1 As of 30 June 2019, AZT had on issue 179,998,454 fully paid ordinary shares. The top 20 shareholders together held 98.75% of the issued ordinary share capital. The largest shareholder was Mr Wei Jiang who held 80% of the issued ordinary share capital.

Table 2

Azure Health Technology Limited	Number of Shares Held	Percentage
Wei (Aiden) Jiang	144,000,000	80.00%
Rhonda Nairn	30,655,000	17.03%
Other shareholders	5,343,454	2.97%
Total	179,998,454	100.00%

Source: AZT FY19 Annual Report and ASIC extract

6.3.2 As of the date of this report, AZT has 65,444 unlisted options on issue, divided into two classes and exercisable at prices of \$3.82 and \$7.64. These outstanding options are out of the money and not considered dilutive in nature; consequently, we have excluded them from our analysis for the purpose of this report.

6.4 Income statement

6.4.1 AZT's consolidated statements of profit or loss and other comprehensive income for the financial years ended 30 June 2017, 30 June 2018 and 30 June 2019 are presented in the table below.

Table 3

Azure Health Technology Limited Consolidated Statement of Profit or Loss and Other Comprehensive Income	Audited FY17 \$	Audited FY18 \$	Audited FY19 \$
Income			
Revenue	80,771	-	-
Interest income	3,312	-	48
Other income	831,310	-	3,331,163
	915,393	-	3,331,211
Expenses			
Cost of providing services	(17,337)	-	-
Licence fee	(1,155,771)	-	(44,871)
Computer expenses	(161,258)	-	-
Marketing expenses	(147,427)	-	(23,750)
Travel and entertainment expenses	(27,208)	-	(4,690)
Occupancy expenses	(108,367)	-	(4,000)
Administration expenses	(430,584)	-	(26,103)
Exchange loss	56	-	-
Bank fees	-	-	(18)
Finance costs	(226,984)	-	-
Legal and professional fees	(621,911)	-	(430,448)
Employee benefits expenses	(2,348,280)	-	-
Share based payments	(87,395)	-	-
Depreciation and amortisation	(52,533)	-	-
Other expenses	(275,942)	-	-
Product costs	(197,236)	-	-
Impairment expenses	(619,720)	-	-
Directors fees	-	-	(47,580)
	(6,477,897)	-	(581,460)
Profit (loss) before income tax	(5,562,504)	-	2,749,751
Income tax expense	(4,535)	-	-
Profit (loss) for the year	(5,567,039)	-	2,749,751
Other comprehensive income, net of tax	(411,498)	-	-
Total comprehensive income for the period	(5,978,537)	-	2,749,751

Source: AZT FY18 and FY19 Annual Reports

We note that other income of \$3,331,163 in FY19 is a gain on debt forgiveness from secured and unsecured creditors pursuant to the DOCA mentioned in section 6.1.2.

6.5 Balance sheet

6.5.1 AZT's consolidated statements of financial position as at 30 June 2017, 30 June 2018 and 30 June 2019 are presented in the table below.

Table 4

Azure Health Technology Limited Consolidated Statement of Financial Position	Audited 30-Jun-17 \$	Audited 30-Jun-18 \$	Audited 30-Jun-19 \$
Assets			
Current Assets			
Cash and cash equivalents	-	-	1,327
Trade and other receivables	-	-	143,114
Total Current Assets	-	-	144,441
Non-Current Assets	-	-	-
Total Assets	-	-	144,441
Liabilities			
Current Liabilities			
Trade and other payables	1,871,095	1,871,095	140,776
Employee benefits	62,106	62,106	-
Borrowings	1,476,000	1,476,000	230,000
Total Current Liabilities	3,409,201	3,409,201	370,776
Non-Current Liabilities	-	-	-
Total Liabilities	3,409,201	3,409,201	370,776
Net Assets (Liabilities)	(3,409,201)	(3,409,201)	(226,335)
Equity			
Issued capital	69,142,533	69,142,533	69,575,647
Reserves	13,729,375	13,729,375	11,582,945
Accumulated losses	(86,236,344)	(86,236,344)	(81,384,927)
Non-controlling interest	(44,765)	(44,765)	-
Total Equity (Deficit)	(3,409,201)	(3,409,201)	(226,335)

Source: AZT FY18 and FY19 Annual Reports

We note that the borrowings of \$230,000 as at 30 June 2019 are unsecured and non-interest-bearing loans from Mr Wei Jiang.

6.6 Cash flow statements

6.6.1 AZT's consolidated statements of cash flows for the financial years ended 30 June 2017, 30 June 2018 and 30 June 2019 are presented in the table below.

Table 5

Azure Health Technology Limited Consolidated Statement of Cash Flows	Audited FY17 \$	Audited FY18 \$	Audited FY19 \$
Cash flows from operating activities			
Net receipts from customers	119,431	-	-
Research and development tax refund	826,775	-	-
Payments to suppliers and employees	(4,740,771)	-	(583,703)
Interest received	3,312	-	48
Interest paid and finance costs	(226,984)	-	(18)
Income tax refund (paid)	(4,535)	-	-
Net cash from (used in) operating activities	(4,022,772)	-	(583,673)
Cash flows from investing activities	-	-	-
Cash flows from financing activities			
Proceeds from issue of shares	-	-	355,000
Proceeds from borrowings	1,476,000	-	230,000
Net cash from (used in) financing activities	1,476,000	-	585,000
Net increase (decrease) in cash and cash equivalents	(2,546,772)	-	1,327
Cash and cash equivalents at beginning of the period	2,546,772	-	-
Cash and cash equivalents at end of the period	-	-	1,327

Source: AZT FY18 and FY19 Annual Reports

We note that proceeds of \$355,000 in FY19 are in relation to the issue of 144,000,000 shares to Mr Wei Jiang as mentioned in section 6.1.2. We further note that the proceeds from borrowings of \$230,000 in FY19 are unsecured and non-interest-bearing loans from Mr Wei Jiang.

7. Valuation of AZT shares before the Proposed Transaction

7.1 Value definition

PKF Corporate's valuation of the AZT shares is on the basis of 'fair market value', defined as:

'the price that could be realized in an open market over a reasonable period of time given the current market conditions and currently available information, assuming that potential buyers have full information, in a transaction between a willing but not anxious seller and a willing but not anxious buyer acting at arm's length'.

7.2 Valuation methodologies

In selecting appropriate valuation methodologies, we considered the applicability of a range of generally accepted valuation methodologies. These included:

- share price history;
- capitalisation of future maintainable earnings;
- net present value of future cash flows;
- asset based methods;
- comparable market transactions; and
- alternate acquirer.

7.3 Share price history

7.3.1 The share price history valuation methodology values a company based on the past trading in its shares. We normally analyse the share prices up to a date immediately prior to the date when a takeover, merger or other significant transaction is announced to remove any price speculation or price escalations that may have occurred subsequent to the announcement of any proposed transaction.

7.3.2 AZT is a listed entity and, as such, there is an active market in its shares. However, the securities of AZT (previously known as MOKO) have been suspended from quotation since 25 January 2017.

7.3.3 On 18 December 2018, Mr Wei Jiang purchased 144,000,000 shares at a price of \$0.00247 per share for a total consideration of \$355,000. Given that the transaction resulted in Mr Jiang holding 80% of the ordinary share capital of AZT and acquiring control of the Company, the purchase price included a control premium.

7.3.4 The above transaction results in a share price of **\$0.0025 (0.25 cents) per share**.

7.4 Capitalisation of future maintainable earnings

7.4.1 Capitalisation of earnings is a method commonly used for valuing businesses currently generating profitable returns. This method involves capitalising the earnings of a business at a multiple which reflects the risks of the business and its ability to earn future profits. There are different definitions of earnings to which a multiple can be applied. The traditional method is to use net profit after tax. Another common method is to use Earnings Before Interest and Tax, or EBIT. One advantage of using EBIT is that it enables a valuation to be determined which is independent of the financing and tax structure of the business. Different owners of the same business may have different funding strategies and these strategies should not alter the fundamental value of the business. Another variation to EBIT includes 'Earnings Before Interest, Tax, Depreciation and Amortization' – EBITDA.

7.4.2 As AZT does not have an operating business generating profits, we do not consider that the capitalisation of future maintainable earnings is an appropriate methodology in valuing the AZT shares.

7.5 Net present value of future cash flows

- 7.5.1 An analysis of the net present value of the projected cash flows of a business and/or asset (or discounted cash flow technique) is based on the premise that the value of the business and/or asset is the net present value of its future cash flows. This methodology requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value of the business and/or asset remaining at the end of the forecast period.
- 7.5.2 As AZT does not have an operating business generating cash flows, we do not consider that the net present value of future cash flows is an appropriate methodology in valuing the AZT shares.

7.6 Asset based methods

- 7.6.1 This methodology is based on the realisable value of a company's identifiable net assets. Asset based valuation methodologies include:

(a) Net assets

The net asset valuation methodology involves deriving the value of a company or business by reference to the value of its assets. This methodology is likely to be appropriate for a business whose value derives mainly from the underlying value of its assets rather than its earnings, such as property holding companies and investment businesses that periodically revalue their assets to market. The net assets on a going concern basis method estimates the market values of the net assets of a company but does not take account realisation costs.

We do not consider this methodology to be appropriate considering the financial position of AZT as at 30 June 2019, including that:

- a) The Company had a working capital deficiency and a negative net liability of \$226,335;
- b) The Company incurred net cash outflows from operations of \$583,673 for FY19; and
- c) The independent auditor's report for the year ended 30 June 2019 included a material uncertainty regarding going concern.

(b) Orderly realisation of assets

The orderly realisation of assets method estimates the fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner.

The shareholders would also be left with a listed corporate shell which could be used to acquire a new business. We consider this methodology to be more appropriate considering the reasoning included in part (a) above.

The most recent balance sheet of AZT available is as at 30 June 2019 and has been extracted from the audited consolidated financial statements and presented below with adjustments to reflect the orderly realisation of assets methodology.

Table 6

Azure Health Technology Limited Orderly Realisation of Net Assets	notes	Audited 30-Jun-19	Realisable Value	
			Estimated Low \$	Estimated High \$
Assets				
Current assets				
Cash and cash equivalents	1	1,327	1,327	1,327
Trade and other receivables	2	143,114	85,868	114,491
Total current assets		144,441	87,195	115,818
Total assets		144,441	87,195	115,818
Liabilities				
Current liabilities				
Trade and other payables	3	140,776	140,776	140,776
Borrowings	3	230,000	230,000	230,000
Total current liabilities		370,776	370,776	370,776
Total liabilities		370,776	370,776	370,776
Net assets (liabilities)		(226,335)	(283,581)	(254,958)
Add: Estimated value of a listed shell	4		400,000	500,000
Less: Estimated realisation costs	5		(25,000)	(30,000)
Net realisable assets			91,419	215,042
		Say	91,000	215,000
Number of AZT shares on issue			179,998,454	179,998,454
Value per share			\$ 0.0005	\$ 0.0012

Source: AZT FY19 Annual Report and PKF Corporate analysis

Note 1 – Cash and cash equivalents

Note 2 – We have assumed that between 60% (low scenario) and 80% (high scenario) of the book values of other current assets would be recovered in an orderly realisation.

Note 3 – We have assumed the trade and other payables as well as borrowings will be paid in full.

Note 4 – Estimated value of AZT as a listed entity on the ASX – there is currently no reliable market data on the value of a listed company that can be used for a change of business activity with new large shareholders, however our past experience together with discussions with several entrepreneurs would indicate that the value is in a range of \$100,000 to \$1,000,000 depending on the following factors:

- whether the entity is currently listed or unlisted;
- spread of shareholders with marketable parcels;
- whether all statutory obligations in respect of audited accounts, tax returns etc are current;

- whether there is outstanding litigation or contingent liabilities;
- whether all outstanding creditors have been paid or legal agreements are in place to satisfy the settlement of all of their claims; and
- the amount of cash that is held in the entity at the date of the proposed restructure.

After considering all of the above factors, we have placed a value in a range of \$400,000 to \$500,000 on the AZT listed shell.

Note 5 – We do not consider that there will be substantial realisation costs to account for in completing an orderly realisation of assets as the AZT assets are cash and receivables. We have allowed for realisation costs in a range of \$25,000 to \$30,000.

Based on the net asset orderly realisation valuation methodology, the value of AZT is in a range of say \$91,000 to \$215,000. As AZT has 179,998,454 ordinary shares on issue, the AZT shares have a net asset backing of **\$0.0005 (0.05 cents) to \$0.0012 (0.12 cents) per share**.

(c) Liquidation of assets

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a short time frame.

In view of the Proposed Transaction, we do not consider a liquidation of assets approach to be appropriate.

7.7 Comparable market transactions

7.7.1 Industry specific methods estimate market values using rules of thumb for a particular industry. Generally, rules of thumb provide less persuasive evidence of the market value of an asset than other valuation methods because they may not account for specific factors.

7.7.2 AZT is a shell company which does not have any operating activities. Hence, we do not consider that this valuation methodology can be applied in valuing the AZT shares.

7.8 Alternative acquirer

7.8.1 The value that an alternative offeror may be prepared to pay to acquire AZT is a relevant valuation methodology to be considered.

7.8.2 We are not aware of any offers for the AZT shares and we can see no reason as to why an offer would be initiated at this time without the consent and support of the major shareholders.

7.9 Conclusion

7.9.1 The valuation methodologies which we have considered are summarised in the table below.

Table 7

Azure Health Technology Limited		Low	High
Valuation Methodology	Section	\$	\$
Share price history	7.3	0.0025	0.0025
Net asset approach	7.6	0.0005	0.0012

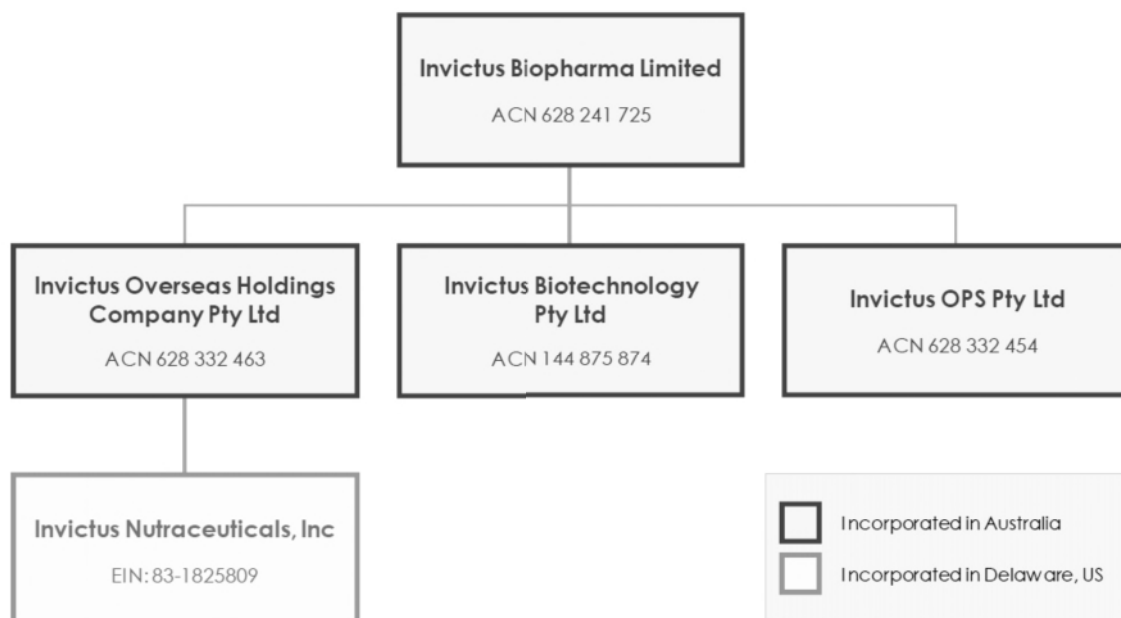
Source: PKF Corporate analysis

7.9.2 We note that the share price history methodology has resulted in a higher value and the net asset approach has generated a lower value range; we also note that there is no overlap between the two valuation ranges. We therefore consider the upper range from net asset approach and the value from the share price history to be an appropriate blend between the two methods. Thus, we consider an appropriate valuation to be in a range of **\$0.0012 (0.12 cents) to \$0.0025 (0.25 cents) per share**, with a midpoint of \$0.0019 (0.19 cents) per share.

8. Invictus – Key Information

8.1 Background

- 8.1.1 Invictus is a biotechnology company committed to commercialising delivery platforms which allow a natural product, tocotrienols (a form of Vitamin E) to be delivered directly to organs and tissues of the body.
- 8.1.2 Invictus has been developing and commercialising novel nutraceuticals and prescription medicines based on natural products (tocotrienols) which have wide therapeutic potential, including: Delayed Onset Muscle Soreness (DOMS), muscle recovery after exercise, maintenance of peak muscle power, exercise endurance, Non-Alcoholic Fatty Liver Disease (NAFLD), pancreatic cancer, hyperlipidaemia and diabetes.
- 8.1.3 Invictus owns and controls patent and other intellectual property rights for novel approaches to delivering tocotrienols directly to the target tissues. It has a product development program for evidence-based nutraceuticals and a clinical development program for prescription medicines.
- 8.1.4 On 31 January 2018, Invictus acquired patent rights to transmucosal delivery of tocotrienols from Gorgaden Pharmaceuticals Pty Ltd (in liquidation). On 28 February 2018, it entered into a license agreement with Monash University which granted it an exclusive worldwide license to commercialise Monash patents and background technology entitled ‘Lymph Directing Prodrugs’.
- 8.1.5 The business activity of Invictus was originally carried on through a company called Invictus Biotechnology Pty Ltd (“Invictus Biotech”). In order to meet the objective of an IPO, a new public company, Invictus BioPharma Ltd (Invictus) was incorporated in Victoria on 17 August 2018. Invictus acquired all the shares in Invictus Biotech on 28 August 2018, thus making Invictus Biotech a 100% subsidiary of Invictus. The shareholders in Invictus Biotech agreed to proportionately exchange their shares in Invictus Biotech for shares in Invictus.
- 8.1.6 As of the date of this report, Invictus has the following wholly-owned subsidiaries:



- 8.1.7 On 22 August 2018, Invictus Ops Pty Ltd and Invictus Overseas Pty Ltd were incorporated. In August 2018, Invictus Overseas Pty Ltd incorporated Invictus Nutraceuticals, Inc in the state of Delaware in the United States of America.

8.2 Directors of Invictus

8.2.1 The Directors and senior management of Invictus and its controlled entities as of the date of this report are presented in the table below.

Table 8

Invictus BioPharma Limited Directors and Senior Management		Position
Directors		
Dr Glenn Tong		Executive Chairman and CEO
Mr Louis (Lou) James Panaccio		Independent Non-Executive Director
Mr Ricardo (Richard) Facundo Estalella		Executive Director and President and CEO of Invictus Nutraceuticals, Inc.
Dr Michael Mathai		Independent Non-Executive Director
Mr Jeffrey Mark Hanlon		Executive Director, CFO and Company Secretary
Senior Management		
Dr David Kingston		Chairman of Scientific Advisory Board and Chief Scientific Officer (CSO)
Dr Richard Pestell		Member of Scientific Advisory Board
Mr Gregory Macosko		Non-Executive Director of Invictus Nutraceuticals, Inc.

Source: ASIC extract, Invictus FY19 annual report

8.3 Share capital

8.3.1 The shareholding of Invictus as per the share register is presented in the table below.

Table 9

Invictus BioPharma Limited	Number of Shares Held	Percentage of Total Shares	Date of Issue	Paid up Amount - Total	Paid up Amount - Per Share
KR and GT Nominees Pty Ltd (as trustee for Tong Family Trust)	70,000,001	72.32%	17 August 2018, 28 August 2018	\$ 5,600,001.00	\$0.08
JM National Property Pty Ltd (as trustee for Australian Property Trust)	6,250,000	6.46%	31 October 2018	\$ 500,000.00	\$0.08
Katrina Mathai and Michael Mathai (as trustees for Gabramichael Trust)	5,000,000	5.17%	28 August 2018	\$ 400,000.00	\$0.08
Jeffrey Mark Hanlon (as trustee for Greenhorn Investment Portfolio Trust)	5,000,000	5.17%	28 August 2018	\$ 400,000.00	\$0.08
Ganeson-Eckhart Pty Ltd (as trustee for Ganeson-Eckhart Family Trust)	2,640,000	2.73%	28 August 2018	\$ 211,200.00	\$0.08
Tercus Pty Ltd (as trustee for Panaccio Superannuation Fund)	2,500,000	2.58%	28 August 2018	\$ 200,000.00	\$0.08
ALM Williams Advisors Pty Ltd (as trustee for ALM Partners Unit Trust)	1,500,000	1.55%	28 August 2018	\$ 120,000.00	\$0.08
Gregory Macosko	1,330,360	1.37%	28 August 2018	\$ 106,428.80	\$0.08
Adman Lanes Pty Ltd	1,250,000	1.29%	1 October 2018	\$ 100,000.00	\$0.08
RJR Consulting Inc	618,320	0.64%	28 August 2018	\$ 49,465.60	\$0.08
Phaedonos Investments Pty Ltd (as trustee for Phaedonos Family Trust)	500,000	0.52%	31 October 2018	\$ 40,000.00	\$0.08
Boler Biotech Consulting	201,900	0.21%	28 August 2018	\$ 16,152.00	\$0.08
Total	96,790,581	100.00%		\$ 7,743,247.40	

Source: Invictus register of members as at 11 November 2019, ASIC extract and PKF Corporate analysis

8.3.2 Invictus also has 14,500,000 options on issue that are convertible into ordinary shares. As per clause 8.1 of the Invictus BioPharma Employee Incentive Plan Rules, the options vest in three equal annual tranches from the date they are granted. The option holders, number of options granted to each holder, and number of options that have vested as of the date of this report have been presented in the table below.

Table 10

Invictus BioPharma Limited	Position	Options Granted	Grant Date	Options Vested	Exercise Price	Expiry Date
Mr Ricardo (Richard) Facundo Estalella	Executive Director and President and CEO of Invictus Nutraceuticals, Inc.	7,500,000	8 October 2018	2,500,000	\$0.20	8 October 2023
Dr David Kingston	Chairman of Scientific Advisory Board and Chief Scientific Officer (CSO)	2,000,000	8 October 2018	666,667	\$0.20	8 October 2023
Dr Richard Pestell	Member of Scientific Advisory Board	2,000,000	8 October 2018	666,667	\$0.20	8 October 2023
Mr Jeffrey Mark Hanlon	Executive Director, CFO and Company Secretary	2,000,000	8 October 2018	666,667	\$0.20	8 October 2023
Mr Gregory Macosko	Non-Executive Director of Invictus Nutraceuticals, Inc.	1,000,000	8 October 2018	333,333	\$0.20	8 October 2023
Total		14,500,000		4,833,334		

Source: Invictus option certificates, Invictus BioPharma Employee Incentive Plan Rules, Invictus FY19 Annual Report

8.3.3 Invictus Biotech issued 35,000 convertible notes in May 2018, with the following terms:

- a) Each convertible note had an issue price equal to the face value of \$1.00;
- b) The notes had a maturity date 12 months after the issue date;
- c) Noteholders had the option to convert the notes into shares at any time;
- d) The conversion price was \$0.80 (80 cents); and
- e) If Invictus Biotech was admitted to the ASX or such other stock exchange, the notes would be automatically converted to shares.

We understand that the convertible notes of \$35,000 had been issued to two noteholders, and that one of them (Mark Cansdale) has elected to redeem the notes for \$10,000 cash upon completion of the Proposed Transaction. As of the date of this report, the second noteholder (John A. Smith) is undecided on converting the notes to shares or redeeming them for cash.

8.4 Income statement

8.4.1 The consolidated statements of profit or loss and other comprehensive income of Invictus Biotech for the for the financial year ended 30 June 2017 and 30 June 2018 are presented in the table below. The statement for the financial year 30 June 2019 is split between Invictus Biotech (1 July 2018 to 31 August 2018) and Invictus (17 August 2018 to 30 June 2019), after the incorporation of Invictus on 17 August 2018.

Table 11

Consolidated Statement of Profit or Loss and Other Comprehensive Income	Invictus Biotech			Invictus
	Audited	Audited	Unaudited	Audited
	FY17	FY18	1 Jul 2018 to 31 Aug 2018	17 Aug 2018 to 30 Jun 2019
	\$	\$	\$	\$
Income				
R&D tax incentive	-	81,776	43,728	115,451
	-	81,776	43,728	115,451
Expenses				
Accounting fees	-	-	(108,825)	(99,085)
Audit fees	-	(62,000)	7,700	(20,000)
Legal fees	-	-	(56,694)	(116,800)
Filing fees	(249)	-	-	-
Bank charges	-	-	(125)	-
Amortisation	-	(3,246)	(2,039)	(12,332)
Telephone and internet	-	-	(14)	-
Depreciation	-	-	-	(2,088)
Interest expense	-	(634)	-	(4,202)
Consulting fees	-	(201,259)	(81,711)	(466,925)
Corporate advisory fees	-	(30,000)	(20,000)	(70,400)
Product development	-	(58,585)	-	-
Computer and website maintenance	-	-	(2,824)	-
Research study expenses	-	-	-	(75,000)
Realised forex gains (losses)	-	-	(67)	-
Unrealised forex gains (losses)	-	-	(737)	-
Marketing	-	-	(3,500)	-
Entertainment	-	-	(474)	-
Travel	-	-	(3,003)	-
Share-based payment expense	-	(551,974)	-	(470,103)
Other expenses	-	(72,065)	-	(52,559)
	(249)	(979,763)	(272,313)	(1,389,495)
Profit (loss) before income tax	(249)	(897,987)	(228,585)	(1,274,044)
Income tax expense	-	-	-	-
Profit (loss) for the year	(249)	(897,987)	(228,585)	(1,274,044)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	(249)	(897,987)	(228,585)	(1,274,044)

Source: Financial statements of Invictus Biotechnology, Invictus FY19 Annual Report

8.5 Balance sheet

8.5.1 Invictus Biotech's consolidated statements of financial position as at 30 June 2017, 30 June 2018 and 31 August 2018, as well as Invictus' consolidated statement of financial position as at 30 June 2019 are presented in the table below.

Table 12

Consolidated Statement of Financial Position	Invictus Biotech			Invictus
	Audited	Audited	Unaudited	Audited
	30-Jun-17	30-Jun-18	31-Aug-18	30-Jun-19
	\$	\$	\$	\$
Assets				
Current Assets				
Cash and cash equivalents	18	339,809	123,456	677
Trade and other receivables	-	106,378	148,096	167,097
Prepayments	-	-	7,987	3,330
Total Current Assets	18	446,187	279,539	171,104
Non-Current Assets				
Intangible assets	-	176,510	183,522	252,761
Total Non-Current Assets	-	176,510	183,522	252,761
Total Assets	18	622,697	463,060	423,865
Liabilities				
Current Liabilities				
Trade and other payables	249	336,161	336,854	850,815
Convertible notes	-	35,634	35,000	286,182
Borrowings	3	92,081	-	-
Unrealised forex adjustment	-	-	842	-
Total Current Liabilities	252	463,876	372,696	1,136,997
Non-Current Liabilities				
Borrowings	-	-	69,956	-
Total Non-Current Liabilities	-	-	69,956	-
Total Liabilities	252	463,876	442,652	1,136,997
Net Assets (Liabilities)	(234)	158,821	20,408	(713,132)
Equity				
Share capital	12	552,054	552,054	290,200
Other contributed capital	-	-	-	70,400
Share subscription reserve	-	540,000	640,000	270,103
Cost of raising equity	-	(35,000)	(44,800)	-
Restructure reserve	-	-	-	(69,792)
Accumulated losses	(246)	(898,233)	(1,126,847)	(1,274,043)
Total Equity (Deficit)	(234)	158,821	20,408	(713,132)

Source: Financial statements of Invictus Biotechnology, Invictus FY19 Annual Report

8.6 Cash flow statements

8.6.1 Invictus Biotech's statements of cash flows for the financial years ended 30 June 2018 and 30 June 2019, as well as Invictus' statement of cash flows for the period from 17 August 2018 to 30 June 2019 are presented in the table below.

Table 13

Statement of Cash Flows	Invictus Biotech		Invictus
	Audited	Audited	Audited
	FY17	FY18	17 Aug 2018 to 30 Jun 2019
	\$	\$	\$
Cash flows from operating activities			
Payments to suppliers	-	(207,601)	(183,237)
Finance costs	-	-	(3,426)
Net cash from (used in) operating activities	-	(207,601)	(186,663)
Cash flows from investing activities			
Purchase of plant and equipment	-	-	(2,088)
Purchase of intangible assets	-	(58,676)	(81,572)
Net cash from (used in) operating activities	-	(58,676)	(83,660)
Cash flows from financing activities			
Receipts from director loans	318	66,000	-
Proceeds from convertible notes	-	35,000	-
Repayments of director loans	(315)	-	-
Loans from related party	-	-	180,800
Proceeds from issue of shares	-	68	100,000
Proceeds from share subscriptions	-	540,000	-
Costs of raising capital	-	(35,000)	(9,800)
Net cash from (used in) financing activities	3	606,068	271,000
Net increase (decrease) in cash and cash equivalents	3	339,791	677
Cash and cash equivalents at beginning of the period	15	18	-
Cash and cash equivalents at end of the period	18	339,809	677

Source: Financial statements of Invictus Biotechnology, Invictus FY19 Annual Report

9 Assessment of the Value of Invictus

9.1 Value definition

9.1.1 PKF Corporate's valuation of Invictus is on the basis of 'fair market value', as used for AZT.

9.2 Valuation methodologies

9.2.1 We have reviewed the financial information of Invictus and consider that as it has a negative net asset position and no existing revenue streams, the valuation of Invictus cannot be prepared on the premise of a going concern.

9.2.2 The same valuation methodologies as used in assessing AZT have been considered below for Invictus.

9.3 Share price history

9.3.1 Invictus is an unlisted company, as such there is no active market in its securities.

- i) We understand the following transactions have occurred in relation to the share capital of Invictus Biotech:
 - a) On 23 January 2018, 500,000 ordinary shares were issued to each of Dr Michael Mathai (Director) and Mr Jeffrey Hanlon (Director) in recognition of their key contributions to Invictus Biotech. At that time Invictus Biotech was a dormant company and the fair value of the shares was nil.
 - b) On 3 April 2018, 20,190 ordinary shares were allotted to Boler Biotech Consulting.
 - c) On 5 April 2018, 61,832 ordinary shares were allotted to RJR Consulting Inc.
 - d) On 8 April 2018, 133,036 ordinary shares were allotted to Mr Gregory Macosko.
 - e) 35,000 convertible notes were issued in May 2018. The notes had a maturity date 12 months after the issue date and the noteholders had the option to convert their notes into shares at any time at a conversion price of \$0.80 (80 cents).
 - f) On 22 June 2018, 150,000 and 264,000 ordinary shares were allotted to ALM Advisors Pty Ltd and Ganeson-Eckhart Pty Ltd respectively.
 - g) In FY18, 629,058 shares were issued and recognised as share-based payments to the value of \$503,246.40. The implied fair value for allotment was \$0.80 (80 cents) per share.
- ii) We note that the shares allotted in b), c), d) and e) above were recorded by Invictus Biotech at a value of \$0.50 (50 cents) per share.
- iii) The shares of Invictus Biotech were exchanged for shares in Invictus in August 2018 by splitting them on a 10 for 1 ratio. Based on the share prices and fair values noted above, the share split gives a theoretical value of between \$0.05 (5 cents) and \$0.08 (8 cents) per Invictus share.
- iv) After the incorporation of Invictus, three investors (Adman Lanes Pty Ltd, JM National Property Ltd and Phaedonos Investments Pty Ltd) who invested a total of \$640,000 were allotted a total of 8,000,000 shares in October 2018 at a value of \$0.08 (8 cents) per share.

9.3.2 We consider the share transactions listed in section 9.3.1 (iv) to be representative of the value of Invictus, for the reasons outlined below:

- i) The transactions were for a cash consideration; and
- ii) The transactions are most recent; and
- iii) The transactions occurred after the incorporation of Invictus.

Accordingly, we have assessed the value of Invictus shares to be \$0.08 (8 cents) per share based on the share price history.

9.3.3 We note that the share transactions listed above in section 9.3.1 are for small parcels of shares. The share prices for these transactions do not incorporate a control premium. A control premium represents the difference between the price that would have to be paid for a share to which a controlling interest attaches and the price at which a share which does not carry with it control of the company could be acquired. The actual control premium paid is transaction specific and depends on a range of factors, such as the level of synergies available to the purchaser, the level of competition for the assets and the strategic importance of the assets.

9.3.4 In assessing the control premium to be applied to the minority share price selected in paragraph 9.3.2, we have relied on the relevant matrix from the 'RSM Control Premium Study – 2017' applicable to Invictus and we have summarised this research in the table below.

Table 14

Analysis by	Criteria	Control premium	
		20 days pre-announcement Average	Median
All transactions		34.50%	27.00%
Industry	Healthcare	41.20%	26.80%
Consideration type	Cash	36.90%	29.60%
Toehold prior to announcement	-	29.85%	22.81%
Size	<=\$25m	46.80%	34.20%

Source: RSM Control Premium Study – 2017

9.3.5 We note that the above research sets out statistical information about control premia paid and, as such, includes an unknown uplift on account of potential acquisition synergy benefits. We are of the opinion that the control premium for a transaction that did not include expected synergies would be lower than those in the table above. Accordingly, we have applied a control premium in the range of 21% to 28% to the share price of Invictus to determine the share price on a 'control basis'. The results are set out in the table below.

Table 15

Control premium	Share price
0%	\$ 0.080
21%	\$ 0.097
28%	\$ 0.102

Source: PKF analysis

- 9.3.6 After application of the information above this results in a share price range of **9.7 cents to 10.2 cents per share**. The total equity value of Invictus is in a range of **\$9.4 million to \$9.9 million** as shown in the table below.

Table 16

Invictus BioPharma Limited Equity Value	Low \$	High \$
Control value per share	\$ 0.097	\$ 0.102
Total number of shares	96,790,581	96,790,581
Value of equity	\$ 9,369,328	\$ 9,911,355

Source: PKF analysis

9.4 Capitalisation of future maintainable earnings

- 9.4.1 As previously mentioned, capitalisation of earnings is a method commonly used for valuing businesses currently generating profitable returns. As Invictus does not have a history of profitable trading, we consider that the capitalisation of maintainable earnings is not an appropriate methodology to use to value Invictus.

9.5 Net present value of future cash flows

- 9.5.1 A cash flow statement for Invictus for the period ended 30 June 2019 was not available, however we note that neither Invictus Biotech nor Invictus has generated any commercial revenue. Further, Invictus is not expected to generate revenue in the immediate future. Accordingly, this methodology cannot be used to value Invictus.

9.6 Asset based methods

- 9.6.1 As previously noted, this methodology is based on the realisable value of a company's identifiable net assets. Asset based valuation methodologies include:

(a) **Net assets**

The net asset valuation methodology involves deriving the value of a company or business by reference to the value of its assets. This methodology is likely to be appropriate for a business whose value derives mainly from the underlying value of its assets rather than its earnings, such as property holding companies and investment businesses that periodically revalue their assets to market. The net assets on a going concern basis method estimates the market values of the net assets of a company but does not take account of realization costs.

The net liabilities of Invictus as at 30 June 2019 as per the audited financial statements were \$713,132 (refer to section 8.5 of this report). A large proportion of Invictus' assets are intangible and include acquired patents and licensed patents which have been carried at cost since their acquisition.

The ultimate recoverability of these costs carried forward is dependent on the successful development and commercial exploitation, or the sale of the respective biotechnologies. Accordingly, the book value of Invictus' intangible assets may not reflect the market value of these assets.

In light of this we have engaged Acuity Technology Management Pty Ltd (“Acuity”) to assist us in assessing the value of Invictus’ intangible assets. A full copy of Acuity’s technical valuation report is set out as Attachment 1 to this report. We have reviewed Acuity’s technical valuation report and provide in the table below an extract of the intangible asset valuation.

Table 17

Invictus BioPharma Limited	
Acuity Valuation	\$
Valuation of Invictus' intangible assets	
Low	43,600,000
High	54,700,000
Preferred Value	49,200,000

Source: Acuity

As can be seen from the table above, Acuity has provided a preferred technical value of \$49.2 million in relation to the intangible assets of Invictus with a range of \$43.6 million to \$54.7 million, which represents 11.2% above and 11.4% below the preferred value. In our opinion, the provision of a single value does not appropriately reflect the uncertainty inherent in any valuation, therefore we consider provision of a range to be appropriate.

The value of intangible assets summarised above has been assessed by Acuity, however should the intangible assets be sold then the disposal will create a tax obligation. Therefore, in the table below, we have considered the impact of such an event. This assessment includes deducting the cost base of intangible assets acquired, as disclosed in the FY19 financial statements and also the accumulated tax losses.

Table 18

Invictus BioPharma Limited	
Intangible Assets - Tax Impact	\$
Valuation determined by Acuity	49,200,000
Assumed cost base of intangible assets	(270,378)
Assumed gain if sold	48,929,622
Unused accumulated tax losses	(629,990)
Assumed gain net of accumulated tax losses	48,299,632
Tax rate applicable to Invictus	27.5%
Assumed Deferred Tax	13,282,399

Source: Acuity, Invictus FY19 Annual Report and PKF Corporate analysis

The table below shows the adjustments reflecting the valuation of the intangible assets determined by Acuity and the corresponding tax liability. Part 1 of Table 19 shows the adjustment to remove the book value and Part 2 shows the valuation of intangible assets and the corresponding deferred tax liability.

Table 19

Invictus BioPharma Limited Financial Position	Audited 30-Jun-19 \$	Adjustments		Post Adjustments \$
		Part 1 \$	Part 2 \$	
Assets				
Current Assets				
Cash and cash equivalents	677			677
Trade and other receivables	167,097			167,097
Prepayments	3,330			3,330
Total Current Assets	171,104	-	-	171,104
Non-Current Assets				
Intangible assets	252,761	(252,761)	49,200,000	49,200,000
Total Non-Current Assets	252,761	(252,761)	49,200,000	49,200,000
Total Assets	423,865	(252,761)	49,200,000	49,371,104
Liabilities				
Current Liabilities				
Trade and other payables	850,815			850,815
Convertible notes	286,182			286,182
Deferred tax liability	-	-	13,282,399	13,282,399
Total Current Liabilities	1,136,997	-	13,282,399	14,419,396
Non-Current Liabilities				
Borrowings	-			-
Total Non-Current Liabilities	-	-	-	-
Total Liabilities	1,136,997	-	13,282,399	14,419,396
Net Assets (Liabilities)	(713,132)	(252,761)	35,917,601	34,951,708
Equity				
Share capital	290,200			290,200
Other contributed capital	70,400			70,400
Share subscription reserve	270,103			270,103
Restructure reserve	(69,792)			(69,792)
Accumulated losses	(1,274,043)	(252,761)	35,917,601	34,390,797
Total Equity (Deficit)	(713,132)	(252,761)	35,917,601	34,951,708

Source: Acuity, Invictus FY19 Annual Report and PKF Corporate analysis

After factoring in the valuation of Invictus' intangible assets, the net asset position becomes positive. As previously mentioned, we consider a range to be appropriate to reflect the inherent uncertainty in any valuation, therefore, and in line with Acuity, we have applied a range of +/- 11.3%. This can be seen in the table below.

Table 20

Invictus BioPharma Limited Equity Value	Low \$	High \$	\$
Net assets			34,951,708
Low / High	- 11.3%	+ 11.3%	
Value of equity	31,002,165	38,901,252	

Source: PKF Corporate analysis

Based on this approach Invictus has a total equity value of between **\$31.0 million and \$38.9 million**.

(b) Orderly realisation of assets

The orderly realisation of assets method estimates the fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner.

We do not consider that an orderly realisation of its assets is an appropriate valuation methodology to use in assessing the value of Invictus shares at this point in time.

(c) Liquidation of assets

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a short time frame.

We consider that this methodology is an inappropriate valuation methodology to use for valuing Invictus.

9.7 Comparable market transactions

9.7.1 Industry specific methods estimate market values using rules of thumb for a particular industry. Generally, rules of thumb provide less persuasive evidence of the market value of an asset than other valuation methods because they may not account for specific factors.

9.7.2 We are not aware of any specific rules of thumb to be applied to valuing Invictus and, as such, we are unable to apply this valuation methodology.

9.8 Alternative acquirer

9.8.1 The value that an alternative offeror may be prepared to pay to acquire Invictus is a relevant valuation methodology to be considered.

9.8.2 We are not aware of any offers for Invictus shares and as a result we are unable to apply this valuation methodology.

9.9 Conclusion – value of Invictus

9.9.1 The valuation methodologies which we have considered are summarised in the table below.

Table 21

Invictus BioPharma Limited Valuation Methodology	Section	Low \$	High \$
Share price history	9.3	9,369,328	9,911,355
Net asset approach	9.6	31,002,165	38,901,252

Source: PKF Corporate analysis

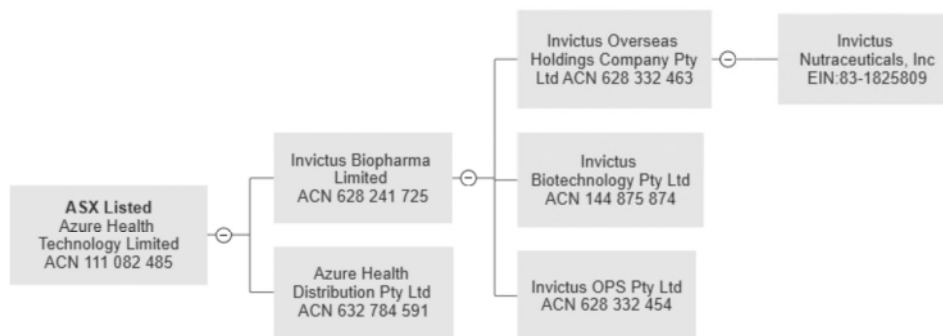
9.9.2 We note that the share price history methodology has resulted in a significantly lower value range than the net asset approach; we also note that there is no overlap between the two valuation ranges.

We note the valuation range based on the share price methodology was based on share transactions which occurred after the acquisition of the intangible assets (see section 8.1.4). We also note that all the transactions (except those referred to in section 9.3.1 (iv)) occurred before the incorporation of Invictus and the actualisation of the plan to facilitate the commercialisation of Invictus' intellectual property. Therefore, we consider that in this case that the net asset approach appropriately represents the valuation of Invictus as it includes a commercial value of the intellectual property acquired. Thus, we consider an appropriate valuation to be in the range of **\$31.0 million to \$38.9 million.**

10 Valuation of AZT after the Proposed Transaction

10.1 Background

- 10.1.1 The Company, Invictus and the current shareholders of Invictus have entered into an agreement under which the Company will purchase 96,790,581 fully paid ordinary shares on issue in the capital of Invictus (which represents all of the share capital of Invictus) from the shareholders of Invictus. Following the acquisition, Invictus will become a wholly-owned subsidiary of the Company.
- 10.1.2 We understand that the acquisition of Invictus by AZT has been negotiated on an arm's length basis, and that it is conditional on AZT raising a minimum of \$7 million pursuant to a prospectus and re-complying with Chapters 1 and 2 of the ASX Listing Rules.
- 10.1.3 The first part of the consideration for the Proposed Transaction will involve AZT issuing up to 35 million Consideration Shares to Invictus shareholders in their respective proportions, along with Consideration Options. The second part of the consideration will involve AZT assuming Invictus' Target Liability of up to \$1.2 million.
- 10.1.4 After the acquisition of Invictus, the Company will become the parent entity of a number of corporate entities. The diagram below illustrates the corporate structure of AZT and its group entities after completion of the Proposed Transaction.



100% ownership of subsidiaries

10.2 Directors of AZT

10.2.1 In the table below, we have included the Directors and other key executives should the proposed Resolutions be passed. We note that Dr Glenn Tong will become the Managing Director and CEO of AZT.

Table 19

Azure Health Technology Limited Directors and Senior Management		Position
Directors		
Mr Louis (Lou) James Panaccio		Independent Non-Executive Chairman
Mr Wei (Aiden) Jiang		Non-Executive Deputy Chairman
Dr Glenn Tong		Managing Director and CEO
Mr Jiayu (Steven) Yu		Executive Director
Mr Gregory (Greg) Barry Starr		Executive Director, CFO and Company Secretary
Mr Weidong (Kevin) Chen		Independent Non-Executive Director
Senior Management		
Mr Ricardo (Richard) Facundo Estalella		President and CEO of Invictus Nutraceuticals, Inc.

Source: Application for In-principle Advice to ASX dated 21 October 2019 and MOU

10.3 Share capital

10.3.1 It is proposed that the existing shares in AZT will be consolidated on a 2.57 to 1 basis. Fractions of a share resulting from the consolidation will be rounded down to the nearest whole share. Each shareholder's proportional interest in the Company's issued capital will remain unchanged as a result of the consolidation (other than minor variations resulting from rounding). The current rights attaching to the shares will not be affected by the consolidation.

10.3.2 AZT will issue up to 35 million Consideration Shares to Invictus shareholders in their respective proportions. To the extent that Invictus' actual net liability at completion exceeds the Target Liability of \$1.2 million, an adjustment will be made to reduce the number of Consideration Shares issued.

10.3.3 As detailed in section 8.3.2, Invictus has on issue 14,500,000 options under the terms of the Invictus Plan. AZT will issue 6,081,228 Consideration Options to subscribe for fully paid ordinary shares in AZT to participants in the Invictus Plan with an exercise price of \$0.477 per option. The issue price of the Consideration Options is nil. However, it is a condition of the issue of the Consideration Options that the holders relinquish their existing options in Invictus. Consequently, all previous and outstanding options under the Invictus Plan will be cancelled.

The Consideration Options will be issued on terms similar to the existing Invictus Plan. As per clause 8.1 of the Invictus BioPharma Employee Incentive Plan Rules, the options vest in three equal annual tranches from the date they are granted. Consequently, the Consideration Options will also vest in three equal annual tranches.

Details of the Consideration Options issued to Invictus option holders are presented in the table below. We understand that none of the option holders are related parties of AZT.

Table 20

Azure Health Technology Limited	Options Granted	Grant Date	Options Vested	Exercise Price	Expiry Date
Mr Ricardo (Richard) Facundo Estalella	3,145,463	8 October 2018	1,048,488	\$0.477	8 October 2025
Dr David Kingston	838,790	8 October 2018	279,597	\$0.477	8 October 2025
Dr Richard Pestell	838,790	8 October 2018	279,597	\$0.477	8 October 2025
Mr Jeffrey Mark Hanlon	838,790	8 October 2018	279,597	\$0.477	8 October 2025
Mr Gregory Macosko	419,395	8 October 2018	139,798	\$0.477	10 December 2025
Total	6,081,228		2,027,076		

Source: AZT ASX announcement dated 8 November 2019, Invictus BioPharma Employee Incentive Plan Rules, Draft NOM and PKF Corporate analysis

- 10.3.4 The Company has agreed, subject to obtaining shareholder approval, to issue options to current and proposed directors as part of their remuneration package. The table below sets out the Company's estimate of the number of options proposed to be issued to the relevant directors (and/or their nominated entities):

Table 21

Azure Health Technology Limited	Number of Options	Exercise Price
Mr Louis (Lou) James Panaccio	3,000,000	\$0.30
Dr Glenn Tong	1,500,000	\$0.30
Mr Wei (Aiden) Jiang	1,500,000	\$0.30
Mr Weidong (Kevin) Chen	1,500,000	\$0.30
Mr Jiayu (Steven) Yu	1,500,000	\$0.30
Mr Gregory (Greg) Barry Starr	1,500,000	\$0.30
Total	10,500,000	

Source: Draft NOM

As can be seen from Table 21, the options have an exercise price of \$0.30 per share and as AZT shares as per the prospectus are to be offered to the public at \$0.20 per share, the options are out of the money and therefore not dilutive.

- 10.3.5 In order to comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules, the Company is proposing to undertake a capital raising by way of the Public Offer under a prospectus to raise between \$7 million and \$10 million by the issue of between 35 million and 50 million AZT shares at a price of \$0.20 per share.

10.3.6 Post the Proposed Transaction, the total shares on offer under the minimum and maximum subscription scenarios are shown in the table below.

Table 22

Azure Health Technology Limited	Section		Minimum Subscription	Maximum Subscription
Total shares currently on issue	6.3.1	A	179,998,454	179,998,454
Consolidation ratio (times)	10.3.1	B	2.57	2.57
Post consolidation shares		A÷B=C	70,000,000	70,000,000
Consideration Shares to Invictus	10.3.2	D	35,000,000	35,000,000
Shares offered under prospectus	10.3.5	E	35,000,000	50,000,000
Shares on issue on relisting		C+D+E	140,000,000	155,000,000

Source: Application for In-principle Advice to ASX dated 21 October 2019, Draft NOM and PKF Corporate analysis

The Company has engaged Viriathus Capital Pty Ltd as Lead Manager to manage the Public Offer and facilitate the capital raise under the Public Offer. Following successful completion of the Public Offer, Viriathus Capital Pty Ltd will be issued 275,000 success fee shares valued at \$55,000 at the offer price of \$0.20 per share. These shares have not been taken into account in Table 22 above.

10.3.7 The Consideration shares and the shares issued under the Public Offer will be fully paid ordinary shares and rank equally in all aspects with all existing fully paid ordinary shares previously issued by the Company. The Consideration Options do not have an equal ranking with shares; however, the shares to be issued on exercise of the Consideration Options will be fully paid ordinary shares and rank equally in all aspects with all existing fully paid ordinary shares previously issued by the Company.

10.4 Transaction Costs

10.4.1 The transaction costs of the Public Offer under the minimum and maximum subscription scenarios respectively are detailed in the table below.

Table 23

Azure Health Technology Limited Costs of Public Offer	Low \$	High \$
Lead Manager's fees (1% of amount raised) payable to Viriathus Capital Pty Ltd	70,000	100,000
Capital raising fee (5% of funds raised by Viriathus Capital Pty Ltd) ¹	125,000	275,000
Lead Manager retainer fee	60,000	60,000
Success fee payable to Viriathus Capital Pty Ltd ²	55,000	55,000
Investigating Accountant's Report, audit and review of proforma figures	67,000	67,000
Tax due diligence	15,000	15,000
Legal fees	210,000	210,000
ASX review and listing costs of new shares	31,855	34,160
ASIC prospectus lodgement fees	2,400	2,400
Notice of meeting, prospectus preparation and meeting costs	65,300	65,300
Total	701,555	883,860

¹ This assumes Viriathus Capital Pty Ltd will raise between \$2.5 million to \$5.5 million

² This will be paid by issue of shares

Source: Draft NOM

10.5 Balance sheet

10.5.1 AZT's audited balance sheet as at 30 June 2019, and proforma balance sheets under the minimum and maximum subscription scenarios post the offer are presented in the table below.

Table 24

Azure Health Technology Limited Consolidated Statement of Financial Position	AZT 30-Jun-19 \$	Invictus 30-Jun-19 \$	Proforma Min Post Offer \$	Proforma Max Post Offer \$
Assets				
Current Assets				
Cash and cash equivalents	1,327	677	4,875,790	7,693,485
Trade and other receivables	143,114	167,097	167,097	167,097
Other	-	3,330	3,330	3,330
Total Current Assets	144,441	171,104	5,046,217	7,863,912
Non-Current Assets				
Intangible assets	-	252,761	8,025,893	8,025,893
Total Non-Current Assets	-	252,761	8,025,893	8,025,893
Total Assets	144,441	423,865	13,072,110	15,889,805
Liabilities				
Current Liabilities				
Trade and other payables	140,776	850,815	-	-
Borrowings	230,000	286,182	-	-
Total Current Liabilities	370,776	1,136,997	-	-
Non-Current Liabilities				
	-	-	-	-
Total Liabilities	370,776	1,136,997	-	-
Net Assets (Liabilities)	(226,335)	(713,132)	13,072,110	15,889,805
Equity				
Issued capital	69,575,647	290,200	83,167,758	85,958,595
Reserves	11,582,945	270,711	12,291,024	12,291,024
Accumulated losses	(81,384,927)	(1,274,043)	(82,386,672)	(82,359,814)
Total Equity (Deficit)	(226,335)	(713,132)	13,072,110	15,889,805

Source: AZT FY19 Annual Report, Invictus FY19 Annual Report and Draft NOM

10.6 Assessment of the Value of AZT

- 10.6.1 The value of AZT after the Proposed Transaction comprises:
- the value of AZT before the Proposed Transaction; plus
 - the value of Invictus; less
 - the cost of acquiring Invictus; plus
 - the value of the capital raised under the Public Offer; less
 - the cost of raising the capital.

10.6.2 We have assessed the value of AZT after the acquisition of Invictus but before the capital raising on a control basis, as set out in the table below.

Table 25

Azure Health Technology Limited Value after Proposed Transaction	Section	Low \$	High \$
AZT			
Number of shares	7.6.1	179,998,454	179,998,454
Value per share	7.9.1	0.0012	0.0025
		215,998	449,996
Invictus			
Equity value	9.9.2	31,000,000	38,900,000
Cash component - Balance of Target Liability	Note 1	(63,003)	(63,003)
		30,936,997	38,836,997
Value of AZT and Invictus prior to capital raising		31,152,995	39,286,993

Source: PKF Corporate analysis

Note 1: As can be seen from table 12, Invictus had total liabilities of \$1,136,997 at 30 June 2019 and as explained in section 10.3.2, Invictus is permitted to have total liabilities of \$1.2 million. If the total liabilities exceed this amount at the completion date, the number of shares issued to the Invictus shareholders will be reduced proportionately. The above adjustment increases the expected liabilities at the completion date to the full amount of \$1.2 million.

10.6.3 In the table below we have set out the expected net proceeds from the public offer.

Table 26

Azure Health Technology Limited Net Public Offer proceeds	Section	Low \$	High \$
Public Offer			
Capital raised	10.3.5	7,000,000	10,000,000
Transaction costs	10.4.1	(701,555)	(883,860)
Net Public Offer proceeds		6,298,445	9,116,140

Source: PKF Corporate analysis

10.6.4 In the table below, we have estimated the value per share after the Proposed Transaction. As our estimated value exceeds the prospectus offer price of \$0.20 per share, we have assumed in the Low value scenario that the maximum number of shares will be issued pursuant to the prospectus as that results in a lower per share value. Conversely in the High value scenario we have assumed that the minimum number of shares will be issued pursuant to the prospectus as that results in a higher per share value. The number of shares has been adjusted for consolidation of existing AZT shares, Consideration Shares and shares under the Public Offer.

Table 27

Azure Health Technology Limited		
Value per share after Proposed Transaction	Low	High
Value of AZT and Invictus prior to capital raising	\$ 31,152,995	\$ 39,286,993
Net Public Offer proceeds	\$ 9,116,140	\$ 6,298,445
Value of AZT after Proposed Transaction	\$ 37,667,438	\$ 48,853,129
Existing AZT shares, post consolidation	70,000,000	70,000,000
Consideration Shares	35,000,000	35,000,000
Shares offered under prospectus	50,000,000	35,000,000
	155,000,000	140,000,000
Value per share	\$ 0.243	\$ 0.349

Source: PKF Corporate analysis

10.6.4 Based on this assessment, in our opinion, after completion of the Proposed Transaction, the value of an AZT share will be in the range of say 24.3 cents to 34.9 cents, with a midpoint of 29.6 cents, on a control basis.

10.6.5 In assessing the control premium included in this share price, we have again relied on the relevant matrix from the 'RSM Control Premium Study – 2017' applicable to AZT and we have summarised this research in the table below.

Table 28

Analysis by	Criteria	Control premium	
		20 days pre-announcement Average	Median
All transactions		34.50%	27.00%
Industry	Healthcare	41.20%	26.80%
Consideration type	Scrip	30.70%	19.70%
Toehold prior to announcement	-	29.85%	22.81%
Size	>\$25m to <=\$50m	41.90%	32.40%

Source: RSM Control Premium Study – 2017

Based on the above matrix, we have concluded that the control premium included in the share price is in the range of 19% to 27%.

10.6.6 The reciprocal of a control premium is a minority discount. The reciprocal of a control premium of 19% to 27% is a minority discount in a range of 16% to 21%. The value per share on a minority basis is calculated in the table below.

Table 29

Azure Health Technology Limited			
Value per share	Low		High
Value per AZT share - control basis	\$	0.243	\$ 0.349
Minority discount		16%	21%
Value per share without control premium	\$	0.204	\$ 0.276

Source: PKF analysis

10.6.7 Based on this assessment, in our opinion, after completion of the Proposed Transaction, the value of an AZT share will be in the range of say **20.4 cents to 27.6 cents** on a minority basis, with a midpoint of 24.0 cents.

11 Assessment as to Fairness

11.1 The Proposed Transaction is 'fair' if the value of the shares held by the Non-Associated Shareholders in AZT after the Proposed Transaction is equal to or greater than the value of the shares in AZT before the Proposed Transaction.

11.2 In section 7 we assessed the value of an AZT share on a control basis before the Proposed Transaction to be in the range of 0.12 cents to 0.25 cents per share with a midpoint of 0.19 cents per share. To adjust this value for the consolidation of an existing share, we have multiplied this range with the consolidation ratio (1 post consolidation share for 2.57 pre consolidation shares), which results in a range of 0.31 cents to 0.64 cents per share with a midpoint of 0.46 cents per share.

11.3 In section 10 we assessed the value of an AZT share on a minority basis after the Proposed Transaction to be in the range of 20.4 cents to 27.6 cents per share with a midpoint of 24.0 cents per share.

11.4 As the value of an AZT share after the Proposed Transaction of 24.0 cents per share is greater than the value of an AZT share prior to the Proposed Transaction of 0.46 cents per share, we have concluded that the Proposed Transaction is **fair**.

12. Assessment as to Reasonableness

12.1 Prior to deciding whether to approve or reject the Proposed Transaction, the AZT shareholders should also consider the following significant factors:

- In section 11 we assessed the Proposed Transaction to be fair.
- The acquisition of Invictus represents an opportunity for the Company to change its business focus to the development, production, marketing and sale of health and wellbeing products including the development and commercialisation of platforms for the non-invasive delivery of tocotrienols (a form of Vitamin E) for both nutraceutical and pharmaceutical application.
- The appointment of Mr Louis Panaccio as Independent Non-Executive Chairman and Dr Glenn Tong as Managing Director will provide the Company with extensive experience and a proven track record within the health sector.
- The acquisition of Invictus will result in the issue of Consideration Shares as well as shares issued under the prospectus. These additional shares will dilute the holding of current shareholders.

- The manner in which the change to the nature and scale of the Company's activities is being achieved may not be consistent with the objectives of all shareholders.
- Whilst Invictus has demonstrated significant growth since its inception, there is no guarantee that the potential for future growth will ever be realised under ownership of AZT.
- There is no guarantee that the Company will successfully complete the re-compliance or that the ASX will approve re-quotation of the shares of the Company upon passing of all the Resolutions.

12.2 Based on the above, we consider that the advantages of the Proposed Transaction outweigh the disadvantages of the Proposed Transaction, and for this reason, we consider that the Proposed Transaction is **reasonable** for the Non-Associated Shareholders of AZT.

13. Assessment as to Fairness and Reasonableness

13.1 After considering the above matters, we have concluded that the Proposed Transaction is **fair and reasonable**.

14. Related Party – Financial Benefits

14.1 As explained in the Notice of Meeting to which this report is an attachment, the Directors of AZT have determined to seek shareholder approval for the purpose of Chapter 2E of the Corporations Act to avoid any doubt as to whether or not the financial benefit given is on an arm's length basis. In view of the above, we have prepared an assessment of the value of the financial benefit as if the arm's length exemption was not applicable.

14.2 Section 229(1)(c) of the Act states that in determining whether a financial benefit is given, the consideration that is given for the benefit (in this case the shares in Invictus), is to be disregarded. This means that the benefit given is equal to the value of the consideration paid, without taking into account the value of the Invictus shares given in return.

14.3 The total consideration payable by AZT to Invictus shareholders comprises of a cash payment of up to \$1.2 million for assuming the Target Liability and the issue of up to 35 million shares, however Dr Glenn Tong personally will not receive any of the cash consideration.

14.4 We understand that Dr Glenn Tong, through his family trust, will receive 25,061,417 Consideration Shares. The value of the consideration payable to Dr Tong is calculated in the table below.

Table 30

Azure Health Technology Limited			
Value of Related Party Benefit	Low		High
Value per AZT share - minority basis	\$	0.204	\$ 0.276
Number of shares issued to KR and GT Nominees Pty Ltd (as trustee for Tong Family Trust)		25,061,417	25,061,417
Value of related party benefit	\$	5,116,162	\$ 6,908,889

Source: PKF Corporate analysis

14.5 On completion of the Proposed Transaction (including the Public Offer), Dr Glenn Tong will receive shares, currently valued in a range of **\$5.1 million to \$6.9 million**.

15 Financial Services Guide

15.1 This Financial Services Guide provides information to assist retail and wholesale investors in making a decision as to their use of the general financial product advice included in the above report.

15.2 PKF Corporate

15.2.1 PKF Corporate holds Australian Financial Services Licence No. 222050, authorising it to provide general financial product advice in respect of securities to retail and wholesale investors.

15.3 Financial services offered by PKF Corporate

15.3.1 PKF Corporate prepares reports commissioned by a company or other entity ("Entity"). The reports prepared by PKF Corporate are provided by the Entity to its members.

15.3.2 All reports prepared by PKF Corporate include a description of the circumstances of the engagement and of PKF Corporate's independence of the Entity commissioning the report and other parties to the transactions.

15.3.3 PKF Corporate does not accept instructions from retail investors. PKF Corporate provides no financial services directly to retail investors and receives no remuneration from retail investors for financial services. PKF Corporate does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice to retail investors.

15.4 General financial product advice

15.4.1 In the report, PKF Corporate provides general financial product advice. This advice does not take into account the personal objectives, financial situation or needs of individual retail investors.

15.4.2 Investors should consider the appropriateness of a report having regard to their own objectives, financial situation and needs before acting on the advice in a report. Where the advice relates to the acquisition or possible acquisition of a financial product, an investor should also obtain a product disclosure statement relating to the financial product and consider that statement before making any decision about whether to acquire the financial product.

15.5 Independence

15.5.1 At the date of this report, none of PKF Corporate, Mr Paul Lom nor Mr Steven Perri have any interest in the outcome of the Proposed Transaction, nor any relationship with AZT, Invictus or any of their directors.

15.5.2 Drafts of this report were provided to the directors of AZT and its advisers. Certain changes were made to factual statements in this report as a result of the reviews of the draft reports. There were no alterations to the methodology, valuations or conclusions that have been formed by PKF Corporate.

15.5.3 PKF Corporate and its related entities do not have any shareholding in or other relationship with AZT that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Transaction.

15.5.4 PKF Corporate had no part in the formulation of the Proposed Transaction. Its only role has been the preparation of this report.

15.5.5 PKF Corporate considers itself to be independent in terms of Regulatory Guide 112 issued by ASIC on 30 March 2011.

15.6 Remuneration

15.6.1 PKF Corporate is entitled to receive a fee of approximately \$30,000 (plus GST) for the preparation of this report. With the exception of the above, PKF Corporate will not receive any other benefits, whether directly or indirectly, for or in connection with the making of this report.

15.7 Complaints process

15.7.1 As the holder of an Australian Financial Services Licence, PKF Corporate is required to have suitable compensation arrangements in place. In order to satisfy this requirement PKF Corporate holds a professional indemnity insurance policy that is compliant with the requirements of Section 912B of the Act.

15.7.2 PKF Corporate is also required to have a system for handling complaints from persons to whom PKF Corporate provides financial services. All complaints must be in writing and sent to PKF Corporate at the above address.

15.7.3 PKF Corporate will make every effort to resolve a complaint within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Australian Financial Complaints Authority – GPO Box 3, Melbourne VIC 3000.

Yours faithfully

PKF Melbourne Corporate Pty Ltd



Paul Lom
Director



Steven Perri
Director

Azure Health Technology Limited**Sources of Information**

The key documents we have relied upon in preparing this report are:

- Annual reports for AZT for the financial years ended 30 June 2017, 30 June 2018 and 30 June 2019;
- Annual financial statements for Invictus Biotech for the financial years ended 30 June 2017 and 30 June 2018;
- Special purpose financial report for Invictus Biotech for the period from 1 July 2018 to 31 August 2018;
- Special purpose financial report for Invictus for the period from 1 September 2018 to 30 June 2019;
- Annual report of Invictus for the period from 17 August 2018 to 30 June 2019;
- Invictus share structure table;
- Invictus option structure table;
- Invictus register of members as at 11 November 2019;
- Invictus Biotech register of members as at 30 June 2018;
- Invictus option certificates;
- AZT's draft Notice of General Meeting (NOM);
- Memorandum of Understanding (MOU) signed between AZT and Invictus;
- ASIC current extracts for AZT and Invictus as at 13 November 2019;
- AZT's application for in-principle advice to ASX dated 21 October 2019;
- Public announcement by AZT dated 8 November 2019;
- Invictus BioPharma Employee Incentive Plan Rules;
- Acuity Technology Management Pty Ltd Independent Technical Specialist report dated November 2019;
- Research data from publicly accessible websites; and
- Discussions with Mr Gregory Starr of AZT.

Azure Health Technology Limited**Declarations, Qualifications and Consents****1. Declarations**

This report has been prepared at the request of Mr Gregory Starr, Director and Company Secretary of AZT, to comply with Section 208 of the Act. It is not intended that this report should serve any purpose other than as an expression of our opinion as to whether or not the Proposed Transaction is fair and reasonable.

This report has also been prepared in accordance with the Accounting Professional and Ethical Standards Board professional standard APES 225 – Valuation Services.

The procedures that we performed and the enquiries that we made in the course of the preparation of this report do not include verification work nor constitute an audit in accordance with Australian Auditing Standards.

2. Qualifications

Mr Paul Lom, a director of PKF Corporate, prepared this report. He has been responsible for the preparation of expert reports and is involved in the provision of advice in respect of valuations, takeovers, capital reconstructions and reporting on all aspects thereof.

Mr Lom is a Fellow of Chartered Accountants Australia and New Zealand (CAANZ) and an Accredited Business Valuation Specialist (CA BV Specialist) with more than 40 years' experience in the accounting profession. He was a partner of KPMG and Touche Ross between 1989 and 1996, specialising in audit. He has extensive experience in business acquisitions, business valuations and privatisations in Australia and Europe.

Mr Steven Perri, a director of PKF Corporate reviewed this report. Mr Perri is a Member of Chartered Accountants Australia and New Zealand (CAANZ) and an Accredited Business Valuation Specialist (CA BV Specialist).

3. Consent

PKF Corporate consents to the inclusion of this report in the form and context in which it is included in the Explanatory Memorandum.

Attachment 1

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29 November 2019

The Directors
PKF Melbourne Corporate Pty Ltd
Level 12, 440 Collins Street
Melbourne, VIC 3000

Dear Sirs

Independent Valuation Report of Intellectual Property owned by Invictus BioPharma Limited

This valuation report of pharmaceutical Intellectual Property ("IP") owned and under development by Invictus BioPharma Limited ("Invictus" or the Company) has been prepared at the request of PKF Melbourne Corporate Pty Ltd ("PKF") for inclusion in an Independent Expert Report ("IER") being prepared by PKF as part of a Notice of Meeting ("NOM") to Azure Health Technology Limited ("AZT") shareholders to consider the acquisition of all issued capital of Invictus by AZT (the "Transaction").

The first part of the consideration for acquiring all of the issued capital of Invictus is that AZT will issue to the Invictus Shareholders in their respective proportions, up to 35 million fully paid ordinary shares in AZT. AZT will also issue options to subscribe for fully paid ordinary shares in AZT to participants in the existing Invictus employee incentive plan.

Following the Transaction, which will be accompanied by a capital raising, it is expected that AZT will relist on the Australian Securities Exchange ("ASX"). The Transaction will result in a change in the nature and scale of its activities of AZT and will require shareholder approval under Chapter 10 of the ASX Listing Rules as well as requiring AZT to re-comply with Chapters 1 and 2 of the ASX Listing Rules and obtain conditional approval from the ASX to have its securities re-admitted to trading. AZT proposes to send a NOM seeking the relevant approvals to undertake this process and this IP valuation report will be relied upon by PKF in preparing its IER for the NOM.

In order to comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules for admission to the Official List, the Company is proposing to undertake a capital raising by way of a general public offer under a prospectus to raise between \$7,000,000 and \$10,000,000 by the issue of between 35 million and 50 million additional shares at \$0.20 per AZT share. A prospectus is proposed to be lodged with the Australian Securities and Investment Commission ("ASIC") in respect of the proposed capital raising.

Invictus is a Melbourne-based company with patents, experimental data and in-process research and development ("IPR&D") projects underpinning the development of Over-The-Counter ("OTC") evidence-based nutraceutical and prescription pharmaceutical products based on three novel platforms for the delivery of tocotrienols ("T3"). T3, a component of vitamin E, are known to have a number of health benefits but are generally poorly absorbed on oral intake. The Invictus platforms facilitate ready transport of T3 into the blood stream either by sub-mucosal delivery, MELT3™ and TransT3 technologies, or via oral administration of Tocotrienol Pro-Drugs ("TPD"s).

PKF requested that Acuity Technology Management Pty Ltd (“Acuity”) prepare independent valuations of the IP that underpin the nutraceutical MELT3™ products, known as nE1-Elite™ and nE1-Heart™, and the TransT3 and TPD IPR&D. The following report presents deliberations and opinions by Acuity on the current Invictus technologies and their market potential, and a valuation as may exist in an open market between arm’s length and unstressed vendor and acquirer. Valuations are largely premised on the future potential of the products deriving from the respective units of IP using a risk adjusted discounted cash flow analysis.

While the MELT3™ products are market ready they have yet to be officially launched and there are risks related to market size and consumer acceptance. The TransT3 and TPD products require high risk clinical trials prior to obtaining marketing approvals in major markets.

Invictus has initially chosen to target two therapeutic indications with high unmet needs for its TransT3 and TPD products, Non-Alcoholic Fatty Steatohepatitis (“NASH”) and pancreatic cancer where T3s have shown some promising activity in animal models and (in the case of NASH) clinical studies. The Company's lead compound, IVB001 for NASH, has completed a Phase 1a clinical study and met all the primary endpoints, showing it is safe, non-toxic, palatable and easily absorbed. It is expected that IVB001 will progress to Phase 2 efficacy studies in 2020. IVB002, based on TPD technology, for NASH will be undertaking preclinical studies in preparation for a Phase 1 study in 2020.

Concurrently, Invictus will advance its pancreatic cancer program (The TransT3 product, IVB003, and the TPD product, IVB004) through preclinical studies with validated animal models for pancreatic cancer in 2020.

For the purposes of determining valuations of the two prescription strategies, we have assumed that the Company will license each out to separate pharmaceutical companies as competing products following successful Phase 2 studies. Such a strategy, typical for an Australian biotechnology company, ameliorates risk and avoids the high costs of late stage clinical development. It is the stated strategy of Invictus.

Our analysis supports an after-tax valuation for the current Invictus portfolio in the range of \$43.6 million to \$54.7 million. Commercialisation strategy, for the purpose of the current valuation, assumes Invictus wholly manages production, marketing and distribution of the nutraceutical products. In the case of pharmaceutical products, the valuations assume a scenario in which Invictus completes development of the various units IP to completion of Phase 2 human studies and then licenses to a large, globally operating pharmaceutical or biotechnology company in return for license fees and royalties.

Yours sincerely

Dr David Randerson
Managing Director

Independent Valuation Report of Intellectual Property owned by Invictus BioPharma Limited

Executive Summary

This report has been prepared by Acuity Technology Management Pty Ltd (“Acuity”) at the request of PKF Melbourne Corporate Pty Ltd (“PKF”) for inclusion in an Independent Expert Report (“IER”) being prepared by PKF as part of a Notice of Meeting (“NOM”) to Azure Health Technology Limited (“AZT”) shareholders to consider the acquisition of all issued capital of Invictus BioPharma Ltd (“Invictus” or the “Company”) by AZT (the “Transaction”).

The valuations are for Intellectual Property (“IP”) owned by Invictus that supports products in the field of Over-The-Counter (“OTC”) nutraceuticals, those based on MELT3™ technology, known as nE1-Elite™ and nE1-Heart™, and others in development as prescription pharmaceuticals, the TransT3 and TPD technologies. The following report presents deliberations and opinions by Acuity on the current Invictus technologies and their market potential, and a valuation as may exist in an open market between arm’s length and unstressed vendor and acquirer. Valuations are largely premised on the future potential of the products deriving from the respective units of IP using a risk adjusted discounted cash flow analysis.

MELT3™ is a patent-pending, sub-lingual delivery formulation of natural tocotrienols (“T3”), which are found in small quantities in vitamin E in some plant oils. The MELT3™ technology optimizes the bioavailability of T3, ensuring adequate amounts are absorbed into the circulation and rapidly arrive at targeted tissues. The therapeutic benefits of T3 have been largely unrecognized to date due to the difficulty in obtaining sufficient quantities (especially the purified δ - and γ - isomers of T3) and also the poor oral bioavailability of T3. Invictus in the short term will introduce OTC T3 products for application in exercise endurance, delayed onset muscle soreness, and heart health. MELT3™ offers a more lucrative market in treating chronic illnesses via the prescription route but with protracted development times and a need for greater expenditure. It is a major advantage that the T3 active ingredients are recognised as safe, however clinical trials are needed to demonstrate efficacy and to allow the Company to make therapeutic claims. In the indications targeted, there are *in vivo* animal model and a biochemical rationale supporting further development.

The MELT3™ sub-lingual approach as applied to prescription products is referred to as TransT3. The Company has also acquired additional technology that facilitates oral delivery of T3s via precursors or pro-drugs, known as Tocotrienol Pro-Drug (“TPD”) technology.

While the MELT3™ nutraceutical products are market ready they have yet to be officially launched and there are risks related to market size and consumer acceptance. The TransT3 and TPD products require high risk clinical trials prior to obtaining marketing approvals in major markets.

One study indicates that nE1-Elite™ product aids in reducing Delayed Onset Muscle Soreness (“DOMS”) by 80 to 100% after exercise. The nE1-Heart™ product will be marketed in the US with the limited claims that it, “Maintains heart health and maintains cholesterol levels in the already normal range”, and, “nE1-Heart™ acts as an antioxidant in the body”.

Invictus has initially chosen to target two therapeutic indications with high unmet needs for its TransT3 and TPD products, Non-Alcoholic Fatty Steatohepatitis (“NASH”) and pancreatic cancer where T3s have shown some promising activity in animal models and (in the case of NASH) clinical studies. The Company's lead compound, IVB001 for NASH, has completed a Phase 1a clinical study and met all the primary endpoints, showing it is safe, non-toxic, palatable and easily absorbed. It is expected that IVB001 will progress to Phase 2 efficacy studies in 2020. IVB002, based on TPD technology, for NASH will be undertaking preclinical studies in preparation for a Phase 1 study in 2020.

Concurrently, Invictus will advance its pancreatic cancer program (The TransT3 product, IVB003, and the TPD product, IVB004) through preclinical studies with validated animal models for pancreatic cancer in 2020.

The valuation of the nutraceuticals is based on the Company's internal estimates of sales of product during their first two years of marketing which we have extrapolated and valued using a discounted cash flow ("DCF") approach with appropriate adjustment to the discount rate to compensate for risk. Only the potential of MELT3™ in the US is considered in the current analysis as this is the immediate target for Invictus. Expansion to markets outside the US is obvious and may not be costly, albeit possibly delayed, and, if considered, would enhance the valuations.

For the purposes of determining valuations of the two prescription technologies, we have assumed that the Company will license each out to separate pharmaceutical companies as competing products following successful Phase 2 studies. Such a strategy, typical for an Australian biotechnology company, ameliorates risk and avoids the high costs of late stage clinical development. Out-licensing is the stated strategy of Invictus.

The prescription drug modelling uses a risk adjusted net present value ("rNPV") technique with risk estimates deriving from published literature for drug development. In general, cash flow models have been prepared to 2034, being expiry of the sublingual tocotrienol patent (and not allowing for extensions), with no terminal values, ie. complete cessation of sales or licence revenues on patent expiry. There are, of course, opportunities to submit additional patents, to obtain market extensions and to sell product after patent expiry.

Estimates for clinical trial times and costs, have been prepared through consultation with Invictus and review of studies undertaken by others for products being developed to treat the targeted conditions. Additional expenses, such as regulatory filings are best estimates provided by Acuity.

The product selling prices are based on the cost of available drugs for NASH and cancer chemotherapy.

Addressable market sizes have been determined from published incidence and prevalence data for the seven major pharmaceutical markets ("7MM": USA, Japan, France, Germany, Italy, Spain and the UK) with Australasia included. Again, inclusion of other countries will add to the valuation.

Cost-of Goods Sold ("COGS") and other corporate expenditures, referred to as Sales, General and Administrative ("SG&A"), are assumed to match those, as a percentage of revenues, of a basket of pharmaceutical and natural products/nutraceutical companies (the analysis, deriving from company annual reports). No allowance is made for capital expenditure as it is assumed that T3 isolation and formulation of products is undertaken by a third party or parties and the assumed COGS is adequate to cover such procurement.

Tax has been determined at the Australian company tax rate of 30%. For the purpose of determining an after-tax valuation, annual losses are carried forward on products individually although Invictus as an entity may achieve earlier profitability through its nutraceutical operations. No allowance has been included for grants and R&D tax concessions.

Pharmaceutical cash flows are discounted at 12% and 14%, following probability adjustment, representing a reasonable range for early stage biotech companies with higher risks than established pharma. The estimated likelihoods of approval ("LOA") for prescription products are 5.0% to 12.2% for TransT3 for cancer and NASH respectively, and 2.9% to 8.3% for TPD technologies.

The following after tax valuation ranges have been determined:

Table 1: Summary of Valuations of MELT3® and Prescription Products (\$'mil)

Product / Indication	Low (\$mil)	High (\$mil)
MELT3™:	7.8	7.8
TransT3:		
NASH	21.0	26.5
Pancreatic Cancer	4.6	6.5
TPD:		
NASH	8.8	11.8
Pancreatic Cancer	1.3	2.2
TOTALS	43.6	54.7

In summary, our analysis results in a valuation range of \$43.6 million to \$54.7 million with a preferred valuation of \$49.2 million.

Acuity specialises in the appraisal and valuation of IP and knowledge-based intangible assets. The company has experience in valuing medical devices, diagnostic systems, pharmaceuticals, genetic and recombinant DNA technologies, stem cell therapies, and complementary and alternative medicines. Acuity differentiates itself from valuers of businesses and tangible assets by its ability to understand research in-process and discovery science. Details of our qualifications and experience are summarised in Section 6 of this valuation opinion. Further details can be found at www.acuitytechnology.com.

The reader is also advised to read the Disclaimers (Section 8) to understand the limitations of the valuations.

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1. The Invictus Technology

1.1 Rationale and Results to Date

Invictus is developing products for the OTC nutraceutical market based on tocotrienols and a novel sub-lingual delivery platform, and for the prescription drug market, utilising a similar transmucosal delivery platform and another oral delivery platform licensed from Monash University. The primary attributes of the Invictus technologies are improved bioavailability of tocotrienols relative to ingested pills and greater convenience than injections. Specific pharmaceutical applications draw on a growing literature of T3 efficacy in liver disease and cancer and follow a development pathway pioneered for other prescription natural products.

The OTC products, nE1-Elite™ for managing DOMS and nE1-Heart™ for heart health, based on the MELT3™ platform, are ready for launch in the US. Tocotrienols, as opposed to vitamin E, has been shown by the Company's researchers to be effective in reduction of muscle soreness and improvement of muscle recovery after exercise. Other researchers have shown that T3 (delivered orally and not using Invictus's delivery platform) is effective in reducing cholesterol and triglycerides in clinical trials, albeit the beneficial effects may be less noticeable at high dosage.

Several studies were conducted by the company that previously held the rights to the MELT3™, Gordagen Pty Ltd, and by a US university which validated and demonstrated the effectiveness of nE1-Elite™ for reducing the soreness felt after intense exercise. A Phase 2 study conducted at the University of Mount Union, Ohio, with 17 collegiate footballers assessed nE1-Elite™'s efficacy in a number of exercise-related indications. The study found that in participants administered nE1-Elite™, there was:

- A significant reduction in DOMS after exercise;
- More rapid muscle recovery after exercise; and
- Greater peak muscle power the day after aggressive exercise compared to the control group, indicating improved muscle power maintenance.

nE1-Heart™ has a similar mode of action to cholesterol lowering statins. Based on research conducted and published by others demonstrating the impact of tocotrienols on lipid levels and heart health, the Company intends to market its product with the claims that it maintains, "Heart health and maintains cholesterol levels in the already normal range," and, "Acts as an antioxidant in the body".

Both TransT3 and TPD platforms will draw on demonstrated effectiveness of vitamin E in treating NASH and pancreatic cancer. The convenience of delivery, with either formulation, will enable a continuous treatment modality for effectively managing both NASH and pancreatic cancer. T3s have shown promising activity in animal models. Clinical studies support use in NAFLD. NASH is a severe form of NAFLD, characterised by liver inflammation and liver cell damage, and the US Food and Drug Administration ("FDA") has requested that the products be evaluated in the NASH subset.

The Company's lead compound, IVB001 for NAFLD/NASH, has completed a Phase 1a clinical study and met all the primary endpoints, showing it is safe, non-toxic, palatable and easily absorbed. It is expected that IVB001 will be Phase 2-ready by the first half of 2020 and a proof of concept Phase 2 clinical study is in planning.

For IVB002 for NAFLD/NASH, the Company will be undertaking preclinical studies in preparation for a Phase 1 study in 2020. The Company plans to conduct drug development under IND applications following meetings with the FDA to seek its endorsement and guidance for both candidates.

1.2 Intellectual Property

Invictus owns a family of patents deriving from PCT/AU2013/001310: *Transmucosal delivery of tocotrienol*. The full specification was filed on 13 November 2013 and, where granted, will have tenure until 2034. The patent has been granted in Australia and Singapore while still pending in the European Patent Office (“EPO”), Canada and the US.

The patent family is relevant to MELT3™ and TransT3 products. It describes the formulation of pharmaceutical compositions for transmucosal delivery, and in particular sublingual delivery, comprising at least one tocotrienol, or derivative, with one or more pharmaceutically acceptable excipients. It refers to the use of such compositions for treating or preventing post-exercise muscle soreness, delayed onset muscle soreness, cardiac fibrosis, hypertension, inflammation, stroke, cancer, elevated cholesterol and/or triglycerides, controlling blood glucose levels, and improving exercise endurance and capacity, amongst others.

Invictus has been granted an exclusive global license within a specified field from Monash University to a second patent family which supports the TPD technology, *Lymph directing prodrugs* (PCT/AU2015/050460). The application, filed on 12 August 2014, has yet to be examined by any patent office.

It describes the use of certain linker compounds which may be attached to a drug, such as tocotrienols, to protect and enhance uptake of the drug directly from the gastrointestinal tract to the lymphatic system. Compounds in the form of lipophilic prodrugs provide a means to temporarily increase lipid absorptivity and lipoprotein affinity of a pharmaceutical compound and thereby increasing lymphatic targeting. Having been transported via the lymphatic system, and avoiding liver metabolism, the prodrug ultimately reverts to the parent drug in order to be active at its target site.

The technology will enable oral delivery of tocotrienols (vitamin E compounds generally having poor oral bioavailability) and at greater dosages than TransT3.

1.3 Route to Market

We have been advised that Invictus is not required to obtain any pre-marketing approvals from the US FDA or any other regulatory agency for the nE1-Elite™ and nE1-Heart™ products. As required, production by a US-based Contract Manufacturing Organisation (“CMO”), will be compliant with globally recognised current Good Manufacturing Practices (“cGMP”s). Constituent materials are approved dietary ingredients.

The FDA allows properly labelled dietary supplements to make substantiated claims addressing pain where it is self-limiting and not associated with a disease condition (eg. DOMS). Invictus believes it has the clinical evidence to substantiate claims and is intending to use them on the label. Further studies will be undertaken to enable additional claims, such as improving aerobic exercise endurance.

Invictus will develop TransT3 and TPD pharmaceuticals following the Investigational New Drug (“IND”) route under US FDA guidelines, and other international equivalents, for botanicals. The strategy for gaining approval of botanical extracts as drugs is outlined in the FDA’s Guidance for Industry: Botanical Drug Products.¹ A new botanical drug (containing multiple chemical constituents) may qualify as a new chemical entity (“NCE”). A New Drug Application (“NDA”) for a botanical drug could seek approval for prescription use, and therefore make proven claims of efficacy, depending on whether it is safe for use outside of the supervision of a practitioner licensed by law to administer it.

¹ US Food and Drug Administration. Botanical Drug Development: Guidance for Industry. Dec 2016 (<https://www.fda.gov/regulatory-information/search-fda-guidance-documents/botanical-drug-development-guidance-industry>).

An NDA must contain substantial evidence of effectiveness derived from adequate and well-controlled clinical studies, evidence of safety, and adequate Chemistry, Manufacturing, and Controls (“CMC”) information.

The FDA’s response to Invictus’s Pre-IND submission broadly supports a preclinical and clinical development pathway as proposed by the Company. Invictus has proposed a proof of concept Phase 2 clinical study to assess the efficacy of tocotrienols delivered sublingually *via* the Company’s drug delivery platform on fatty liver disease (NAFLD/NASH). The FDA agreed with a strategy in pursuing an abbreviated pathway for development, the 505(b)(2) pathway.² In its response, the FDA also agreed with the Company’s proposed strategy for cGMP manufacture of its test materials and made suggestions regarding non-clinical toxicology studies which will be incorporated into the IND.

2. Markets and Competition

2.1 Vitamin E and Prescription Natural Products

The global dietary supplements market was valued at US\$45 billion in 2018. Natural vitamin E had sales of US\$672.2 million and is projected to reach US\$1,188 million in 2026, exhibiting a Compound Annual Growth Rate (“CAGR”) of 7.54%.³ North American sales of vitamin E were US\$244.8 million in 2018.

The natural source of vitamin E is widely available as highly fractionated α -tocopherol or its esters. Tocotrienols are less common with dietary supplements designed and developed with higher levels of tocotrienols. Tocotrienols are more often used for specific requirements such as certain genetic disorders, high cholesterol, scar healing and in treating certain cancers. Research into the benefits of tocotrienols and enabling regulatory scenarios are driving the growth of the natural vitamin E market.

There has been a trend towards gaining prescription status for botanical and natural products in recent years, particularly for hyperlipidaemia, a market of interest to Invictus. It started with Lovaza®/Omacor®, a highly purified, prescription omega-3 formulation with high concentrations of specific fatty acids, eicosapentaenoic acid and docosahexaenoic acid (“EPA” and “DHA” respectively) which was developed by Pronova BioPharm ASA (subsequently acquired by BASF) and was launched on the European market in 1996. US company Amarin, Inc obtained FDA approval for Vascepa® which is made up almost entirely of EPA for the treatment of elevated triglycerides in 2012. In November 2019, an FDA committee recommended extension for reduction of risk of cardiovascular events, such as heart attacks and stroke, in high-risk patients.⁴ Analysts believe Vascepa® has the potential to exceed US\$1.5 billion in annual sales.

Omthera Pharmaceuticals, Inc completed Phase 3 on a competing product called Epanova® that contained a mixture of polyunsaturated free fatty acids, not just EPA and DHA, and was acquired in 2013 by AstraZeneca for US\$443 million.⁵ Epanova® gained FDA approval in May 2014.

² Section 505 of the US Federal Food, Drug and Cosmetic Act describes the types of NDA: the more onerous section 505(b)(1) is an application that contains full reports of investigations of safety and effectiveness as carried out by the sponsor, while section 505(b)(2) requires the regulatory authority to consider publicly available information and its own findings of safety and/or effectiveness when evaluating a product’s suitability for a marketing approval in the US.

³ Anon. Natural Vitamin E Market Size, Share & Industry Analysis By Type (Tocopherols and Tocotrienols), Application (Dietary Supplements, Food and Beverages, Cosmetics and Others), and Regional Forecasts 2019-2026. Fortune Business Insights (report ID:101591), Nov 2019 (Summary at: <https://www.fortunebusinessinsights.com/industry-reports/natural-vitamin-e-market-101591>).

⁴ Parsons L. Amarin wins FDA advisory nod for Vascepa cardiovascular expansion. PMLive 15 Nov 2019 (http://www.pmlive.com/pharma_news/amarin_wins_fda_advisory_nod_for_vascepa_cardiovascular_expansion_131711).

⁵ AstraZeneca Press Release 28 May 2013. AstraZeneca to acquire Omthera Pharmaceuticals including NDA-ready novel dyslipidemia treatment to complement cardiovascular portfolio).

2.2 Non-Alcoholic Fatty Liver Disease

NAFLD is one of the most common causes of liver disease in the US. Most people with NAFLD have simple fatty liver while a small number of people with NAFLD have NASH. Between 20% and 30% of adults in the US have NAFLD. Experts estimate that about 20% of people with NAFLD have NASH.⁶ About 2% to 3%, and up to 12% of adults, in the general population have NASH, which may progress to liver cirrhosis and hepatocarcinoma.⁷

The incidence of newly diagnosed chronic liver disease, based on cases identified in Alameda and New Haven counties in the US between December 1998 and November 1999 and seen in gastroenterologists' offices was 72.3 per 100,000 population. The most common aetiology of chronic liver disease in these two counties was hepatitis C (57%), followed by alcohol (24%), NAFLD (9.1%), and hepatitis B (4.4%).⁸

One US study found that in a catchment of 400,000, 122 patients were diagnosed with chronic liver disease of whom, 31 (all outpatients, approximately 25%) were diagnosed with NAFLD or its sequelae non-alcoholic steatohepatitis ("NASH") over a 6 month period.⁹ This represents annual incidence of 155 per million, or 48,000, in the USA.

As far as prevalence is concerned, most US studies report a 10% to 35% prevalence rate of NAFLD.¹⁰ Further support for the higher estimate derives from the fact that approximately one third of the US population is considered obese, and it is well evidenced that overweight individuals have NAFLD.

According to annual health checks, 9% to 30% of Japanese adults have NAFLD by ultrasonography and the prevalence of NASH is estimated to be 1% to 3%.¹¹

A recent study estimates that 62 million Americans and 52 million people in Germany, France, Italy, and the United Kingdom suffer from NAFLD.¹² Annually, the direct medical cost per person in both the US and Europe, with a total figure of \$103 billion in the US and about €35 billion in those four European countries. These numbers do not include any societal or indirect costs.

The total annual cost of care per NAFLD patient with private insurance in the US was found to be US\$7,804 (\$3,068-\$18,688) for a new diagnosis and US\$3,789 (\$1,176-\$10,539) for long-term management.¹³

There are no approved medicines to treat NAFLD and NASH. A study by the National Institute of Diabetes and Digestive and Kidney Diseases found that treatment with vitamin E or pioglitazone improved NASH in about half of the people treated.¹⁴ In a direct comparison, pioglitazone was more cost effective than vitamin E. Sensitivity analyses indicated that pioglitazone was not cost effective if either the total drug cost was greater than A\$16,000 per annum, or the annual probability of developing cirrhosis in advanced fibrosis was less than 2%.¹⁵

⁶ Spengler EK & Loomba R. Recommendations for diagnosis, referral for liver biopsy, and treatment of non-alcoholic fatty liver disease and non-alcoholic steatohepatitis. *Mayo Clinic Proceedings* 90(9):1233, 2015.

⁷ Bellentani SI, *et al.* Epidemiology of non-alcoholic fatty liver disease. *Dig Dis* 28(1):155, 2010.

⁸ Kim, WR, *et al.* Burden of liver disease in the United States: Summary of a workshop, 2002.

http://www.hcvadvocate.org/hepatitis/About_Hepatitis_pdf/1.1_Hepatitis_C/Burden.pdf

⁹ Roderick P, *et al.* Final Report to the British Liver Trust and Foundation for Liver Research. December 2004.

¹⁰ Vernon G, *et al.* The Epidemiology and Natural History of Non-alcoholic Fatty Liver Disease and Non-alcoholic Steatohepatitis in Adults. (www.medscape.com/viewarticle/746578). *From Alim Pharmacol Ther* 34(3):274, 2011.

¹¹ Hashimoto, *et al.* Prevalence, Gender, Ethnic Variations, and Prognosis of NASH. *J Gastroent* 46 Suppl 1:63, 2011.

¹² Younossi ZM, *et al.* The economic and clinical burden of nonalcoholic fatty liver disease in the United States and Europe. *Hepatology* 64(5):1577, 2016.

¹³ Allan AM, *et al.* Healthcare Cost and Utilization in Nonalcoholic Fatty Liver Disease: Real-World Data From a Large U.S. Claims Database. *Hepatology* 68(6):2230, 2018.

¹⁴ Sanyal AJ, *et al.* Pioglitazone, vitamin E, or placebo for nonalcoholic steatohepatitis. *New England Journal of Medicine* 362(18):1675, 2010.

¹⁵ Mahady SE, *et al.* Pioglitazone and Vitamin E for non alcoholic steatohepatitis: a cost utility analysis. *Hepatology* 2012 Jun 18. doi: 10.1002/hep.25887 (Epub ahead of print).

2.3 Pancreatic Cancer

The World Health Organisation’s (“WHO”) through its International Agency for Research on Cancer (“IARC”) estimates that in 2018 there were 18.1 million cancer cases diagnosed globally resulting in 9.6 million deaths, and that the annual incidence rate will rise to over 29.5 million in 2040.¹⁶

In both sexes combined, lung cancer is the most commonly diagnosed cancer (11.6% of the total cases) and the leading cause of cancer death (18.4% of the total cancer deaths), closely followed by female breast cancer (11.6%), prostate cancer (7.1%), and colorectal cancer (6.1%) for incidence. In terms of mortality, colorectal cancer (9.2%), stomach cancer (8.2%), and liver cancer (8.2%) are the leading cancers.

The Australian Institute for Health and Welfare (“AIHW”) estimates that pancreatic cancer would become the eleventh most commonly diagnosed cancer in Australia in 2018. In 2019, it is estimated that 3,599 new cases of pancreatic cancer will be diagnosed in Australia (1,889 males and 1,710 females). In 2011 to 2015, individuals diagnosed with pancreatic cancer had a 9.8% chance (approximately equal for males and females) of surviving for five years. Between 1986 to 1990 and 2011 to 2015, the five-year relative survival from pancreatic cancer increased from 3.3% to 9.8%.

In the UK, 28.3% of pancreatic cancer patients receive chemotherapy, predominantly those with stage III (50.3%).¹⁷

Table 2: Incidence and Prevalence of Prostate Cancer by Region 2018

	North America	Western Europe	Japan	Australasia
New Cases	56,002	41,679	43,119	4,298
Prevalence	36,030	25,034	23,134	2,648
Deaths	50,745	40,766	37,358	3,791

There are many cancer drugs in development including ones that will compete with TransT3 and TPD for pancreatic cancer. The Pharmaceutical Research and Manufacturers of America (“PhRMA”) report that there are 54 drugs and vaccines in development for pancreatic cancer.¹⁸ Only a small number of these, however, are likely to succeed in late stage clinical trials and be approved.

Cancer cost the EU €126 billion in 2009, with health care accounting for €51.0 billion (40%).¹⁹ Drug expenditure accounted for more than €13.5 billion, ie. 27% of cancer-related health-care costs. The referenced publication reports that in the US, the cost of cancer, excluding informal care and morbidity losses (cost of lost productivity due to illness), was estimated at US\$202 (€157) billion in 2008, of which US\$77 (€60) billion were direct medical costs and US\$124 (€97) billion were mortality costs (cost of lost productivity due to premature death). The US figure per capita of €196 is more than any country in the EU and about €100 more per citizen than the EU as a whole.

¹⁶ Bray F, et al. Global cancer statistics 2018: GLOBOCAN estimates of incidence and mortality worldwide for 36 cancers in 185 countries. *CA* 98(6):394, 2018.

¹⁷ Pancreatic cancer diagnosis and treatment statistics. Cancer Research UK (<https://www.cancerresearchuk.org/health-professional/cancer-statistics/statistics-by-cancer-type/pancreatic-cancer/diagnosis-and-treatment#heading-Four>).

¹⁸ America’s Biopharmaceutical Companies. Medicines in Development for Cancer. 2018 Report (http://phrma-docs.phrma.org/files/dmfile/2018_MID_Cancer.pdf).

¹⁹ Luengo-Fernandez R, et al. Economic burden of cancer across the European Union: a population-based cost analysis. *The Lancet Onc* 14(12):1165, 2013.

In 2015, the US Agency for Healthcare Research and Quality (“AHRQ”) estimated that the direct medical costs for cancer in the US were US\$80.2 billion with 11%, US\$10 billion, being the cost of drugs.²⁰

The global oncology drugs market was valued at US\$97.4 billion in 2017, and is estimated to reach at \$176.5 million by 2025, with a Compound Average Growth Rate (“CAGR”) of 7.6% from 2018 to 2025.²¹ The total estimated spend on cancer drugs in the US in 2015 was US\$32 billion.²² Spending on cancer drugs in the US has doubled since 2012 and reached almost US\$50 billion in 2017.²³

As summarised in the Chemotherapy Drug Industry report, the average annual cost for chemotherapy drugs per user was US\$22,353 based on a grouping of the ten common cancers where chemotherapy is a key treatment modality. Since the late 1990s, however, there has been a progressive increase in the price of new cancer drugs. Most cancer drugs launched between 2009 and 2014 were priced at more than US\$100,000 per patient for one year of treatment.²⁴ By 2014, the average cost of a new orally administered cancer medicine exceeded US\$135,000 a year, up to six times the cost of similar drugs approved in the early 2000s, after adjusting for inflation. The median annual cost of a new cancer drug in 2017 exceeded US\$150,000 compared to US\$79,000 for new launches in 2013. In 2017, all cancer drug launches had US list prices above US\$50,000 per year and the median exceeded US\$150,000.

In 2018, the top 20 oncology drugs generated almost US\$80 billion worldwide with the leading four, Revlimid®, Keytruda®, Avastin® and Herceptin®, representing US\$31 billion (US\$9.6 billion, US\$7.2 billion, US\$7.1 billion and US\$6.9 billion, respectively).²⁵

Acuity considers that an average selling price of the order of US\$20,000 for an effective pancreatic cancer drug is a modest expectation. Lower prices generally apply outside of America and we have used US\$15,000 in our modelling.

3. Attributes & Risks of the Invictus Approach

The Invictus products are based on a natural product, tocotrienols, that are classified as Generally Recognised as Safe (“GRAS”) allowing rapid entry into OTC markets. The pharmaceutical programs are at pre-clinical, TPD, and early clinical, TransT3, stages of development with considerable risk to completion of trials and in obtaining marketing approvals.

Acuity’s valuation methodology employs an rNPV approach which requires estimates of future revenues and expenses that may result from sale or license of drug products with adjustment to cash flows based on the likelihoods of the therapy development program’s transitioning through the well-defined stages of evaluation. Over the past several decades there have been several published analyses of success rate data, most of which derive from analysis of US and European clinical trial activity. More recently, these have included indication- and drug type-specific information.

²⁰ Economic Impact of Cancer. American Cancer Society (<https://www.cancer.org/cancer/cancer-basics/economic-impact-of-cancer.html>).

²¹ Gill S & Sumant O. Oncology/Cancer Drugs Market by Drug Class Type (Chemotherapy, Targeted Therapy, Immunotherapy, and Hormonal Therapy) and Indication (Lung Cancer, Stomach Cancer, Colorectal Cancer, Breast Cancer, Prostate Cancer, Liver Cancer, Oesophagus Cancer, Cervical Cancer, Kidney Cancer, Bladder Cancer, and Others): Global Opportunity Analysis and Industry Forecast, 2018 – 2025. Allied Market Research February 2019 (Abstract: <https://www.alliedmarketresearch.com/oncology-cancer-drugs-market>).

²² Dolgin E. Bringing down the cost of cancer treatment. *Nature* 555, S26, 2018.

²³ Aitken M, *et al.* Global Oncology Trends 2018. Innovation, Expansion and Disruption. IQVIA Institute for Human Data Science, May 2018.

²⁴ Kimmer BK. The Imperative of Addressing Cancer Drug Costs and Value. National Cancer Institute, March 15, 2018.

²⁵ TOP Pharma Drugs By Sales in 2018 (*PharmaCompass Annual Report Compilation_2018/xlxs*, created 11 March 2019).

These studies determine the phase transitional probabilities, the chances of progressing through each of the various stages of development. The cumulative probability is the likelihood that it will complete all stages and be approved.^{26, 27} The most recent published analysis by Thomas, *et al.* also presents Phase 3 transitional likelihoods for major solid and haematological cancers.

Table 3 lists probabilities for drugs across all indications, both new chemicals (referred to as New Molecular Entities, “NME”s) and biologicals, once they enter the clinical stages of development.

Table 3: Transitional Probabilities for Drugs Development and Cancer Drugs (Thomas, *et al.*)

Successful completion of:	Transitional Probability		
	All Drugs	Gastro-enterology	Solid Tumours
Phase 1	63.2%	75.6%	64.1%
Phase 2	30.7%	35.7%	23.0%
Phase 3	58.1%	60.6%	34.2%
Registration	85.3%	92.3%	79.6%
Cumulative probabilities	9.6%	15.1%	4.0%

There is roughly an 5% chance that a new cancer drug entering clinical trials for the first time will achieve approval for marketing with biologics having a greater likelihood than chemicals (11.5% vs. 6.2% for all drugs). Of the cancers, Thomas, *et al.* report poorer outcomes for ovarian, lung cancer and pancreatic cancer drugs than for others. For example, where solid tumours overall have a Phase 3 transitional probability of 34%, pancreatic cancer only has a 12% likelihood. In the current analysis we have used overall solid cancer specific likelihoods for Phase 3 as determined by Thomas, *et al.* as breakdowns for earlier stages of specific cancers are not presented.

Excluding general company and funding risks inherent with early-stage biotechnology companies, additional risks to technical and commercial success include:

- Invictus will be reliant on the support of the capital markets to provide both initial and ongoing funding. The high cost of drug development makes the Company’s ability to continue to raise funds a critical risk factor in its success. Consequently, our financial models are based on out-licensing of the IP following Phase 2 studies. If the licensing approach is adopted, the Company will be dependent on licensees for completion of development, registration, production and marketing of the product. In the event that licensees do not perform as expected the success of products may be limited;
- The MELT3 patent has not been granted in the primary market of the US and the TPD patent has yet to be examined by any patent office in the world and there is no assurance that patents will be granted. Lack of patent protection may cause cessation of the product development program due to the high costs of testing and trialling;
- There are a considerable number of other approaches to treating NAFLD and cancer under development and many of these have shown promising results in recent years. Some of these may prove to be more effective than the proposed tocotrienol technology. The reality is that multiple attacks on a tumour, and combination products, may well be the optimal solution;

²⁶ Hay M, *et al.* Clinical Development Success Rates for Investigational Drugs. Nature Biotech 32(1):40, 2014.

²⁷ Thomas DW, *et al.* Clinical Development Success Rates 2006-2015. Bio / Biomedtracker / Amplion. June 2016.

- Even if Invictus or its licensees receive regulatory approval to market product candidates, the market may not be receptive to their commercial introduction. Acceptability depends on both the patient acknowledging the products' benefits and relative superiority, as well as the prescribing physician's endorsement;
- The success of Invictus, at least in the current early stage of development, will be dependent on key employees and consultants, as the Company grows it is going to have to recruit new, skilled personnel;
- The proposed products will compete to varying degrees with numerous other drug and biotechnology companies including many in cancer development. Many have substantially greater financial and other resources and are able to expend more funds and effort than Invictus on R&D and promotion;
- Time to market is critical with any new technology, particularly in the medical area where patent life is compromised by protracted clinical trials and regulatory approvals. Delays in the roll-out of the product, due to factors such as patient recruitment and slow regulatory approvals can adversely affect the valuation.

We have considered these risks in preparing our valuation – see also the Sensitivity analysis (Section 6.2.4).

4. Intangible Assets Valuation Methods

For the purpose of our valuation opinion, current market value is defined as the amount at which the units of IP could be expected to change hands in a hypothetical transaction between a knowledgeable willing, but not anxious, buyer and a knowledgeable willing, but not anxious, seller acting at arm's length. We have not considered special value or control premium in this assessment although it could be expected that an unrelated acquirer may pay a premium to obtain the Company's technology to complement its own portfolio or to avoid patent infringements.

In valuing a mature business entity, the analyst tends to follow a methodology that draws heavily on the company's historical income, either by performing a Net Present Value ("NPV") of expected future earnings, the confidence in which derives from past activity, or capitalisation of maintainable earnings. Another technique considers the orderly realisation of assets. In the case of Invictus, the sole assets are IPR&D. There are no historical cash flows available for extrapolation and no current product sales, and there is uncertainty that product development will be completed successfully.

Techniques used for valuing intangible assets, including IPR&D, generally fall into three main categories:

1. Cost Based;
2. Market Based; and
3. Revenue Based.

We examined several approaches, many of which were considered not applicable to the business activities and developmental status of Invictus. These are briefly discussed in the following sections. The preferred valuation method, that relying on a risk adjusted DCF of projected net benefit, is presented in further detail in Section 4.2.

4.1 Cost Based Methods

There are several cost approach valuation methods, the most common being the reproduction cost and the replacement cost methods. Often these may be based on the historical costs incurred by the original developer. Five components of cost are generally included in the analysis being: Materials; Labour; Overhead; Developer's Profit; and Entrepreneurial Incentive.

Although drug development is extremely costly, future benefits are considered to be worthy of the investment and deals to acquire promising R&D-stage programs are often an order of magnitude higher than the past expenditure. Generally, however, patents provide a market monopoly for the originator's inventions and it would be very difficult for a third party to replicate the technology with equivalent utility, specificity and activity without infringing those patents. Patents are the key asset underpinning inter-industry acquisitions and represent more than a cost-to-replicate the technology.

We consider that cost based methods are not applicable to the Invictus IP.

4.2 Market Based Methods

The most recent trading history of shares in a company provides evidence of the fair market value of the entity where they are publicly traded in an informed and liquid market. An Enterprise Value ("EV") strips the share price or market capitalisation of cash and cash equivalents and adds in debt to effectively determine an IP valuation in companies with no or limited goodwill. Therefore, one approach is to compare company EVs where the technology is similar, targeting the same markets and at an equivalent stage of development.

Techniques based on analysis of transactions between companies, equity valuations or capitalisations of comparable companies have considerable merit in the biotechnology sector. There are thousands of transactions taking place in the industry every year where one company licenses IP from another or enters into a collaborative venture. There are also many fund raisings, both private placements and Initial Public Offerings ("IPO"), which may be used as analogies.

A market analysis should realistically be undertaken by comparing companies, products or transactions at similar stages of development, ie. discovery/pre-clinical, Phase 1, Phase 2, etc. In the case of the value placed on a company, that company should be single purpose and/or technically equivalent to the subject company or IP. Such criteria are often difficult to meet and comparable analyses are usually used only to support the values derived with other methodologies or to provide a "ball park" estimate.

Nonetheless, an analysis of some relevant companies is presented in Section 5.1 of this report.

4.3 Methods Based on Future Prospects

A technique suitable for valuing a business or a project, such as IPR&D, with strong and relatively predictable future prospects is based on a DCF analysis. To assume any level of credibility, the DCF must be based on sound cash flow predictions, with justifiable assumptions regarding sales estimates, expenses and revenue timings. These are then valued to present day using a discount rate, often following probability adjustment, that recognises the time value of money and risks involved in achieving the forecast cash flows.

In the circumstance where the projections are not founded on firm contracts or supported by historical performance, and even where they are, it is appropriate to include some form of adjustments, covering development and achieving market penetration, as well as generalised industry or market risks. It is recognised that probability adjustments based on published stage transitional likelihoods provides an acceptable approach to valuing pharmaceuticals.

Probability adjusted cash flows are then discounted to provide a NPV, being the valuation, at an appropriate discount. The usual discount rate is a company's Weighted Average Cost of Capital ("WACC") which reduces to the Capital Assets Pricing Model ("CAPM") in the absence of debt. The CAPM for Invictus may be determined using the following formula:

$$\text{CAPM} = R_f + \beta \times (R_m - R_f)$$

Where:

R_f is the Risk Free Rate of Return. To estimate the risk-free rate, ten to 30-year US Government Bond yields may be used. Inflation is deducted to calculate the real risk-free rate.

R_m is the Expected Market Return and $(R_m - R_f)$ the Risk Premium being the excess over the risk-free rate that an investor requires to invest in the market portfolio. The current Expected Market Return for investors is around 5.0% to 6.0%.

Beta (β) of a particular investment is a reflection of its risk expressed as a percentage of the volatility to that of a market portfolio, ie. a portfolio of stocks sufficiently diversified to reflect average market movements. The rate of return on the market portfolio will, by definition, fluctuate identically with the market and therefore its beta is one. Investments with betas higher than unity are more volatile than the market.

We would expect a biotech company to have a systematic risk significantly higher than the market, and therefore beta above 1.0. We examined a number of early stage drug development companies as listed on the website Infront Analytics.²⁸ One-year betas for these companies yield an average of 1.2 in the range 0.36 to 2.05. EVs are obtained from Yahoo Finance.²⁹ Based on this, we consider a beta in excess of 1.6 is applicable to Invictus. Following deduction of long-term projected inflation rate for the US of 1.8% from the R_f , the CAPM at a beta of 1.6 is, therefore, 10% and at a beta of 2.0 the CAPM is 12%.

To the CAPM may be added a specific company risk premium. This is a metric that considers the size and financial stability of Invictus and the stages of development of product(s) where none has reached market. We suggest that a company premium of 2% to 3% may be applicable.

We, therefore, consider a real discount rate range of 12.0% to 14.0% as applicable.

5. Valuation Opinion

5.1 Comparables

There are few companies in the discovery stage that are stock exchange listed by which a comparative market capitalization or EV may be obtained. Of the ASX-listed cancer development biotechnology companies, all R&D-based with net losses currently, there are 12 with their most advanced development candidate in Phase 1 or Phase 2. These have an average EV of \$42.3 million and a range of \$15.0 million to \$140.0 million (see Table 4).

Table 4: ASX Listed Australian Cancer Developers

Company	Status of Products	EV (\$'mil)
Bionomics Ltd	1 x Phase 2, 4 x Phase 1	\$55.4
Cellmid Ltd	Preclinical	\$20.4
Exopharm Ltd	Preclinical	\$29.0
Immutep Australia Ltd	1 x Phase 2, 1 x Phase 1	\$65.0
Kazia Therapeutics Ltd	1 x Phase 1	\$31.6
Imugene Ltd	1 x P2, others pre-clinical	\$140.0
Noxopharm Ltd	1 x P1 others preclinical	\$40.0
Oncosil Medical Ltd	2 x Phase 1	\$115.3
Patrys Ltd	1 x Phase 1, 4 preclinical	\$15.0
PharmAust Ltd	1 x Phase 1, 1 x preclin human, veterinary	\$27.7
Prescient Therapeutics Ltd	1 x Phase 2, 3 x Phase 1	\$19.9
Regeneus Ltd	2 x Phase 1 human, veterinary	\$24.2

²⁸ Infront Analytics (<https://www.infrontanalytics.com>, accessed June 2019).

²⁹ Yahoo Finance (<https://finance.yahoo.com>, accessed June 2019).

While a successful Phase 2 study with TransT3 could catapult Invictus to a high valuation, a more sober assessment would suggest \$20.0 to \$50.0 million, as for listed Australian early-stage companies, with a preference toward the higher end due to the fact that OTC products are ready to launch and can garner early cash flow for the Company.

5.2 Valuation by Discounted Cash Flow

5.2.1 MELT3™ Valuation

To assist with the current valuation, Invictus provided sales projections and budgets for a two-year period from expected launch. These present details of COGS, Average Selling Price (“ASP”) and promotional costs including give-aways, as well as administrative costs. The COGS has been determined based on detailed costings from the Company’s US cGMP manufacturing partner and includes estimates for initial volumes and cost reductions as sales grow. The ASP follows an analysis of cost-per-unit averages to consumers on similar pre-workout and post-workout products for NE1-Elite and on heart supplements for NE1-Heart. As it relates to distributors, the proposed price meets the target margins for sport nutrition and supplements in the US.

The sales volumes anticipated by the Company are modest relative to the market potential and we have retained these while deferring launch until July 2020 with retention of administrative and marketing expenses during the first half of the year. Cash flows were extrapolated to 2026 with an assumed growth of 20% in the third year (the year beyond the Company’s analysis) declining to 5% per annum after four years. Our adjustments result in sales of US\$14 million per annum in 2026. We have assumed that the Company pays tax at the Australian rate of 30% with losses carried forward.

There remain no technical or regulatory matters restricting the sale of product. As the products have yet to be launched market acceptance and thus the real sales potential of the products remains unknown. We have therefore discounted cash flows, after tax, at 20%, to 1 January 2020 to provide an NPV of \$7.8 million. The models include a terminal value based on continuing growth in cash flows of 5% pa.

5.2.2 TransT3

We have prepared financial projections for NASH and pancreatic cancer. These consider sales in the developed world due to the dominance of these markets and the fact that novel and potentially expensive treatments in the targeted indications are likely to have delayed acceptance into developing regions.

We have prepared financial projections based on the available information for the term of the current patent (PCT/AU2015/050460) being November 2033 on the assumption that a licensee will pay royalties only to patent expiration.

Time frames for Phase 2 and subsequent clinical trials, approvals and market launch are based on realistic estimates for NMEs with no consideration of regulatory fast tracking. The models for the products assume late stage development and selling by a licensee with licences executed following completion of Phase 2 studies by Invictus.

Revenues are based on estimates of market size deriving from published incidence and prevalence data with treatment costs obtained by benchmarking against current medicines. Market share or penetration is generally estimated by comparing the potential of the new drug to current therapies, numbers of competitive products in development and the usual dynamic within prescription drug markets. The TPD product is targeting the same market but we have ignored the possibility of cannibalisation as estimated market shares are low and there is significant unmet need. Additionally, the probabilities of success are so low that that either or both product(s) could fail to achieve marketing approval.

Phase 2 development expenses assume studies are funded by Invictus and undertaken under a US FDA IND. Patient numbers are estimated by examination of clinical trial protocols for drugs addressing similar indications, as presented in the US National Institutes of Health (“NIH”) clinical trial database, *ClinicalTrials.gov*.³⁰

Phase 3 clinical trial costs, borne by the licensee, are based on estimates of numbers of patients required as extracted from the NIH database, multiplied by a per patient evaluation cost as available from published literature. It is assumed that these estimates include the manufacturing of trial drugs and licensee company overheads. Additional expenses are included for preparation and submission of regulatory dossiers and post market surveillance. The COGS and corporate overheads are based on an examination of annual reports for major pharmaceutical companies.

It is assumed that capital assets are not acquired and held by Invictus. Manufacturing for trials is undertaken by a CMO and the cost of clinical material is built into the per patient trial costs.

The cash flows are probability adjusted using published data on drug development success rates (see Section 3) with probabilities applied at the time point where development hurdles are passed. Probabilities are cumulative. As the patent has yet to be granted in the predominant market of the US, we have included an additional probability of 80% at the time of licensing as there is a risk that a license will not occur in the absence of a valid patent.

The financial models prepared by Acuity present two cash flows – one for the licensor, Invictus, and one for the licensee. In return for the licence milestone fees and royalties are payable to the licensor. The objective of modelling the licensee’s cash flow as well as the licensor’s is to apportion the net benefit of the technology’s commercialisation between the two parties as a basis for determining royalty rates and milestone payments. The economies of scale, advanced infrastructure and resources available to a mature pharmaceutical company exceed those of a start-up company and the risk profile for the latter is significantly greater and, as a consequence, the valuation may be less for the licensor.

For the purposes of the current analysis we have assumed that a reasonable split of the benefits from exploitation of the IP, at the time of licensing, is 35% licensor and 65% licensee. The final deal terms will be subject to negotiation. However, the literature suggest that licensing post a Phase 1 study will yield a 25:75 split, Phase 2 - 35:65, and for a product ready to enter the market, 50:50. Deal terms are determined on before tax valuations as the tax rate relevant to the hypothetical licensee are unknown.

An after-tax valuation, being the amount relevant to investors, applies an Australian corporate tax rate of 30% with tax losses carried forward to profitability. Tax amounts are estimated individually across each product.

The valuation date is 1 January 2020. The cash flow models are prepared in US currency as it is expected that international pricing will be based on US pricing. At the time of preparation, the exchange rate is A\$1.47 for US\$1.00.

The following assumptions apply to the modelling of the TransT3 IP for the treatment of NASH:

- With reference to published incidence data, we have estimated that there are approximately 50,000 new diagnoses of NASH in North America each year and 55,000 and 20,000 in Western Europe and Japan.
- The growth in incidence has been estimated at 3.0% pa.
- The 5-year prevalence for NASH is 600,000, 630,000 and 230,000 for North America, Western Europe and Japan respectively. We have assumed that prevalence increases at the same rate as population increase in each region.

³⁰ <http://www.ClinicalTrials.gov>

- The penetration by Invictus is assumed to be 20% of incidence, there being no adequate therapeutic agents. Five percent of prevalence patients accept treatment. Note that the addressable market in years following the drug's introduction decline as a consequence of treatment.
- The cost for a course of treatment is estimated at US\$12,000 in North America, US\$10,000 in Western Europe and US\$10,000 in the other regions. The pricing has been determined by benchmarking against current NASH treatments and the cost of maintaining NAFLD patients (see Section 2.2).
- A 50-patient Phase 2 study will be initiated in 2020 and will last for two years. Patient costs for the trial, to be borne by Invictus, will be US\$75,000 per patient.
- A Phase 3 study, the obligation of a licensee, can be expected to take three years to conduct and to require approximately 600 patients. The per patient cost is US\$80,000.
- Completion of Phase 3 is followed by 12 months for approval in the USA and Europe. Approval in Japan will lag by one year.
- On approval, sales grow to reach peak after 3 years and remain at peak for 5 years. Sales (volume and/or price) subsequently declines at 5% per annum due to the potential entry of competition and/or price erosion.
- The COGS is 31.0% of selling price based on an analysis of industry averages for pharmaceutical companies (this generally includes inventory build).
- Selling, General and Administrative ("SG&A") expense to the licensee is 28.7% of selling price. R&D funds for ongoing product improvements is assumed to be 2.3% of revenues.³¹
- Regulatory dossier preparation and submission has been assumed to be US\$2.0 million for the indication in the designated countries. One million dollars has been allowed for post-market surveillance.
- We have included on the licensor side administrative cost subsequent to out-licensing of 0.5% of revenues to cover accounting and audit charges, and general office expenses as related to this product solely.
- Royalties are receivable from the licensee with the amount adjusted, in the absence of milestone payments, to achieve an approximately 35:65 split in earnings before interest and tax ("EBIT") at the time of licensing, completion of Phase 2. (An outright sale or a licence with up-front and milestone payments as well as royalties may be expected, however, the overall valuation is unaffected whether there are payments and a royalty or merely a higher royalty.) The analysis computes royalties of 12.1% of sales revenue to derive the desired split. Based on a Licensing Executives Society ("LES") analysis, the royalty is reasonable for a Phase 2 product after allowance for the fact that the LES analysis included milestone payments.³²
- The cash flows have been risk adjusted with cumulative probabilities applied at the time points where stages are completed using data from Thomas, *et al.* for gastrointestinal drugs.

The analysis is in constant 2020 dollars and no consideration has been allowed for inflation. The discount rate of 12% is therefore real.

³¹ DiMasi JA, Hansen RW & Grabowski HG. The Price of Innovation: New Estimates of Drug Development Costs. *J Health Econ* 22:151, 2003.

³² Global BioPharmaceutical Royalty Rates & Deal Terms Survey. LES USA/Canada. Licensing Executives Society International (LESI). December 2012.

The modelling shows product sales commencing in 2026 and a potential peak of around US\$980 million annually (non-probability adjusted). The overall Likelihood of Approval (“LOA”) is 12.2%. The projections show expected (probability adjusted) revenues will approach US\$120 million per annum once peak penetration has been achieved.

Discounting the probability adjusted after-tax cash flows for the licensor yields a valuation for Invictus in the NASH application of US\$18.0 million, \$26.5 million.

An effective discount rate to achieve the valuation may be determined on the assumption that the likelihood of success is 100%. For the NASH model this is 37.3%.

The following table presents assumptions and outcomes for TransT3 and the TPD products.

Table 5: Input and Output Variables for Invictus Prescription Products

	TransT3		TPD	
	NASH	Pancreatic Cancer	NASH	Pancreatic Cancer
Incidence	125,000	145,000	125,000	145,000
Growth Incidence	3.0%	0.7% - 1.2%	3.0%	0.7% - 1.2%
Prevalence	1,460,000	87,000	1,460,000	87,000
Average Selling Price	US\$10,000-12,000	US\$20,000–25,000	US\$10,000-12,000	US\$20,000–25,000
Market Penetration	15%-20%	21%	15%-20%	21%
Patent Expiry	2033	2033	2034	2034
Start Phase 1			2021	2021
Start Phase 2	2020	2020	2022	2022
License Year	2022	2022	2024	2024
Launch Year	2026	2026	2028	2028
Potential Peak Sales	US\$980 mil	US\$890 mil	US\$1,010 mil	US\$910 mil
Overall LOA	12.2%	5.0%	8.3%	2.9%
Discount Rate	12%	12%	12%	12%
Effective Disc. Rate	37.3%	49.0%	37.8%	49.8%
Benefit Split	35:65	35:65	35:65	35:65
Est. Royalty Rate	12.1%	12.1%	11.7%	11.7%
rNPV @ 12%	A\$26.5 mil	A\$6.5 mil	A\$11.8 mil	A\$2.2 mil

It is assumed that both TransT3 product are licensed to the same party and that the royalty is independent of indication. In other words, the 35:65 split is determined across both products.

As an estimate of penetration of the pancreatic cancer population, we have assumed that 75% of patients receive chemotherapy (28.3% of all sufferers) will access treatment. The price is based on the pricing of routinely used chemotherapy agents. As it is essentially the same product as will be used for NASH our assumption is that a patient will require a longer course of treatment or higher dosage formulation to achieve therapeutic benefit in cancer.

5.2.3 TPD

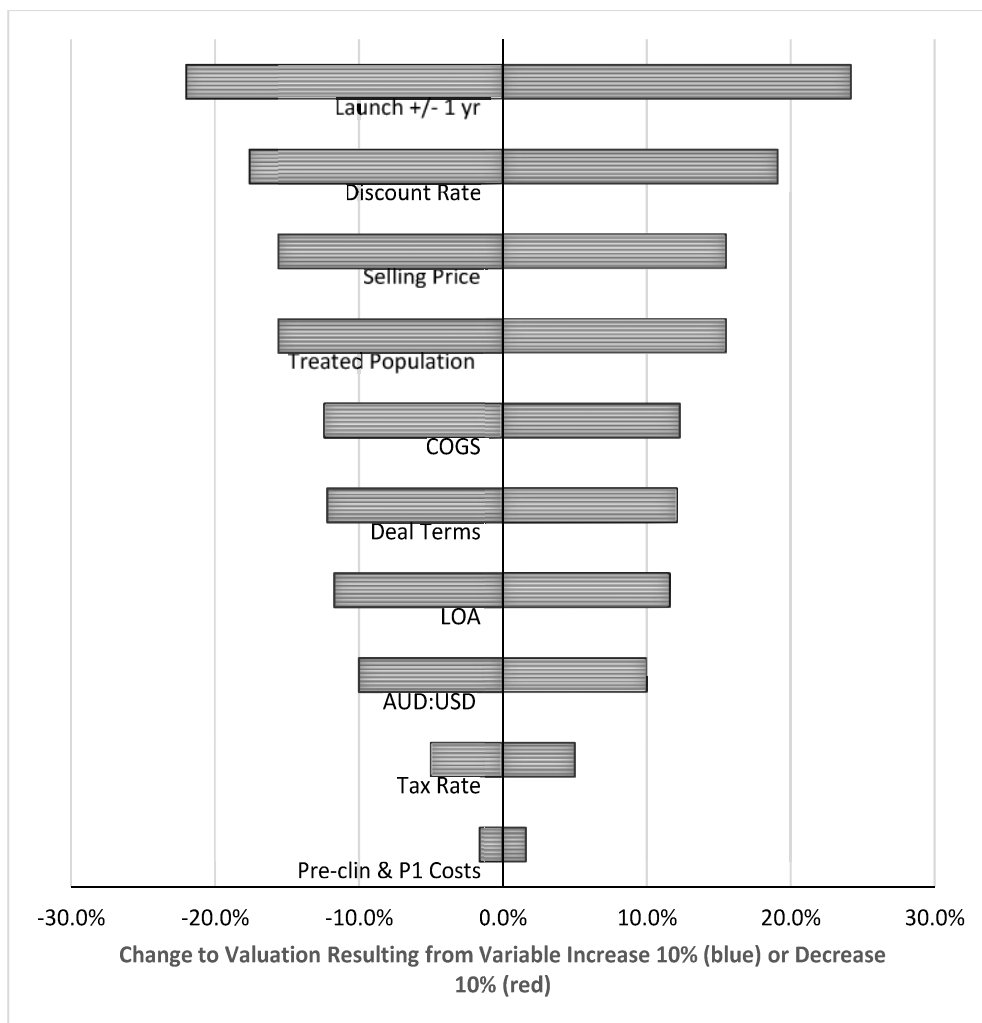
The modelling for TPD products, again for NASH and pancreatic cancer, follows the same process as for TransT3 products except that we have included a 12 month delay for completion of pre-clinical work-up and a further year for a Phase 1 trial. Hence, Phase 2 trials commence in 2022 and are complete at the end of 2023 before licensing activities begin.

It is to be noted that the LOAs for TPD products are considerably lower than for TransT3 due to the requirement for an additional clinical trial. This, along with the delayed launch, results in lower valuation of the TPD products compared with Trans3.

5.2.4 Sensitivity Analysis on Pharmaceutical IP

The valuation of the Invictus pharmaceutical IP presented in the previous sections employs a rNPV method which relies on estimation of many inputs or assumptions to the financial projections. As many of these input assumptions are, at best, estimates and may change with time and as development advances, we subjected these to a sensitivity analysis using variance ranges that we consider reasonable.

Figure: Impact of Input Variables on the Valuation



Key input parameters were adjusted plus or minus 10%. The impact of these changes on the valuation are presented in the following figure.

Of significance is the effect of delays to the development program, with a 12-month delay resulting in a 24% reduction in the valuation. We believe the schedules used in the current valuation are conservative and there is an opportunity to speed-up development, for example as orphan indications and because active ingredients are GRAS, and realise an enhancement of valuation.

The ASP and the addressable population, or patients actually treated, are also important and prone to significant error. Plus or minus 10% for either parameter is possible due to inability to precisely forecast such things as reimbursement, effectiveness of drugs or competition and will impact the combined valuation by plus or minus 15% or more if realised across all products. Pricing at either end of the range is not unreasonable. We believe we have favoured the low side of pricing for both clinical indications.

The discount rate used in the analysis is important and the range from 12% to 14% encompasses a reasonable expectancy after risk adjustment and based on trends in interest rates.

Other significant inputs are the COGS, not known at this point in time, deal terms which are the subject of negotiations, LOA and exchange rate.

It is worth noting that early stage development costs have limited impact on the valuation.

We would propose a range of valuations that is plus or minus 10% to 15% of the preferred valuation.

6. Summary and Conclusions

The following table presents our estimated valuation so the Invictus IP:

Table 6: Summary of Valuations of MELT3® and Prescription Products (\$'mil)

Product / Indication	Low (\$mil)	High (\$mil)
MELT3™:	7.8	7.8
TransT3:		
NASH	21.0	26.5
Pancreatic Cancer	4.6	6.5
TPD:		
NASH	8.8	11.8
Pancreatic Cancer	1.3	2.2
TOTALS	43.6	54.7

The prescription programs are high risk and have long time frames before products may be approved for sale. Clinical trials are costly and it is to be expected that Invictus will complete important, and relatively inexpensive, value adding steps, such as Phase 2 trials, and then license for optimal returns. We have assumed this in our modelling approach. The Company, not unreasonably, expects that revenues from the nutraceutical products will assist in funding these trials. Early licensing with a significant up-front payment may reduce the anticipated cash drain. Should the Company choose to complete development and manufacture and market products in its own right the risks and funding requirements will be significantly greater.

We have generally accepted Invictus' projections for MELT3™, although delaying market launch until July of next year. We are of the opinion that there remain no technical or regulatory hurdles to the launch of nE1 Elite™ and nE1-Heart™ in the US and that sales estimates are realistic. A plan to enter international markets will enhance the valuation. We have applied minimal growth to sales beyond the Company's forecast two years but consider sales potential is high.

7. Sources of Information

Invictus provided access to confidential files in its online data room which included the following files of relevance to the valuation:

- **Draft Invictus Prospectus.** Current as at 11 September 2018.
- **Invictus Nutraceuticals Sales Forecast and Budget 2019-2020** (*Invictus Nutraceuticals sales forecast 2019 -2020 22 4 2019.xlsx*).
-

8. Disclaimer

The valuations make certain assumptions in relation to the revenue prospects. In preparing this report we have relied on information provided by Invictus, complemented by our own experience in drug and medical technology development and independent searches of the literature. We can provide no assurance that material provided by the Company was complete and accurate although we have no reason to suspect that this was not the case. We have exercised all due care in verifying the information provided and found no reason to doubt the reliability of the information. We also relied on published and Company-confidential technical reports as the main sources of past research but we were not able to review raw data or methods of analysis therein or confirm that these reports contained all relevant findings.

A draft of this report was supplied to Invictus to confirm factual accuracy and some changes were made to reflect their comments.

Acuity does not guarantee that the outcomes described in this report will actually occur because of possible changes in the markets and Invictus's and AZT's actions, which are beyond our ability to forecast.

Acuity has acted independently in preparing this report and neither its Director nor staff have any pecuniary or other interest in Invictus, their related entities or associates that could reasonably be regarded as affecting its ability to give an unbiased opinion. Acuity will receive normal professional fees for the preparation of this report and, with the exception of these fees, will not receive any other direct or indirect benefits. Acuity has provided consultancy services to Invictus's predecessor company, Gordagen Pty Ltd, in the past five years.

Acuity does not hold an Australia Financial Services Licence and provides no opinions or recommendations relating to the suitability of Invictus as an investment, acquisition or for any other purpose, and provides no advice concerning the proposed transaction between Invictus and AZT.

The cash flow model used in the valuation makes the assumption that Invictus and/or AZT have, or will have, sufficient funds to support further development and maintenance of the IP, and to meet other obligations under potential licensing agreements. Without adequate funds, the value of the IP may not be realised. Additionally, delays in research and/or in securing collaborations could impact severely on the valuation.

In preparing this report we have had regard to the following regulatory and professional standards:

- RG 111, Content of expert reports;
- RG 112, Independence of experts;
- RG 170, Prospective financial information; and
- APES 225, Valuation Services.

9. Experience and Qualifications

Acuity provides management consulting to technology-based companies. The company is skilled in the development of business plans and the technical, commercial and financial analyses of engineering and science-based projects. An area of special interest is the provision of advice to investors and financial institutions on the funding of high technology R&D and the exploitation of outcomes.

The current valuation was undertaken by Acuity's Managing Director, David Randerson. Dr Randerson specializes in the valuation of intangible assets, and business entities whose main assets are intangibles, with particular expertise in IP and IPR&D. Valuations have been performed for purposes of licensing, capital raising and investment, sale, depreciation and amortization, impairment, purchase price allocation, consolidation, mergers, acquisitions, stock options and goodwill.

Dr Randerson has experience with valuing pharmaceuticals, stem cells, medical devices, diagnostics, agriculture, biochemical and cell culture technologies and environmental products. In the fields of physical and applied sciences, he has valued software, internet, electronics, telecommunications, mining and petrochemical projects, process engineering, production engineering and automotive technologies. Research-in-process is of particular interest to Dr Randerson.

Dr Randerson has a Bachelor of Chemical Engineering (Monash University), Master of Science in Applied Science (UNSW) and a Doctorate of Philosophy in Biomedical Engineering (UNSW). He is a Fellow of the Australian Institute of Company Directors and a member of the Institution of Chemical Engineers. He has worked in academia at the University of Munich and University of Queensland, and in Industry with Rio Tinto, Union Carbide and Johnson & Johnson. He was founder and managing director of one of Australia's first publicly listed biotechnology companies, specializing in the production of therapeutic monoclonal antibodies and recombinant proteins.

An understanding of physical and life sciences, research and development, project management, probability and statistics, discounted cash flow methodologies, real options analysis, life cycle forecasting, engineering depreciation and functional obsolescence analysis, are amongst the important tools in which Dr Randerson has competence.

As principal of Acuity for 30 years, Dr Randerson has undertaken in excess of 300 detailed valuations in biomedical sciences and 120 in applied sciences.

10. Glossary

AIHW	Australian Institute for Health and Welfare
ASP	Average Selling Price
ASX	Australian Securities Exchange
CAGR	Compound Annual Growth Rate
CAPM	Capital Assets Pricing Model
COGS	Cost of Goods Sold
CMO	Contract Manufacturing Organization
CTN	Clinical Trials Notification
DCF	Discounted Cash Flow
DHA	Docosahexaenoic acid
DOMS	Delayed Onset Muscle Soreness
EMA	European Medicines Authority
EPA	Eicosapentaenoic acid
EU	European Union
EU5	France, Germany, Italy, Spain and UK
EV	Enterprise Value
FDA	Food and Drug Administration
FY	Fiscal Year (year commencing 1 July and ending 30 June the following year)
GMP	Good Manufacturing Practices
GRAS	Generally Recognised as Safe
IA	Intangible Asset
IARC	International Agency for Research on Cancer
IND	Investigational New Drug
IP	Intellectual Property
IPO	Initial Public Offering
IPR&D	In-process Research and Development
LES	Licensing Executives Society
LOA	Likelihood of Approval
NAFLD	Non-alcoholic Fatty Liver Disease
NASH	Non-alcoholic Steatohepatitis
NCI	US National Cancer Institute
NDA	New Drug Application
NIH	US National Institutes of Health
NME	New Molecular Entity
NPV	Net Present Value
pa	Per annum
PCT	Patent Cooperation Treaty
PhRMA	Pharmaceutical Research and Manufacturers of America
R&D	Research and Development
rNPV	Risk Adjusted Net Present Value
SG&A	Sales, General and Administrative costs
UK	United Kingdom
US or USA	United States of America
WHO	World Health Organization

AZURE HEALTH TECHNOLOGY LIMITED

ABN 35 111 082 485

LODGE YOUR VOTE



ONLINE

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Level 12, 680 George Street, Sydney NSW 2000



ALL ENQUIRIES TO

Telephone: 1300 554 474

Overseas: +61 1300 554 474

LODGE A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given above by **10:00am on Wednesday, 4 March 2020**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

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



ONLINE

www.linkmarketservices.com.au

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



BY MOBILE DEVICE

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

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

QR Code



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes.

Please note: you cannot change ownership of your shares using this form.

APPOINTMENT OF PROXY

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

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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

APPOINTMENT OF A SECOND PROXY

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

To appoint a second proxy you must:

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

SIGNING INSTRUCTIONS

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

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

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

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

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

CORPORATE REPRESENTATIVES

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

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

NAME SURNAME
ADDRESS LINE 1
ADDRESS LINE 2
ADDRESS LINE 3
ADDRESS LINE 4
ADDRESS LINE 5
ADDRESS LINE 6



X99999999999

PROXY FORM

I/We being a member(s) of Azure Health Technology Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (*mark box*)

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

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the General Meeting of the Company to be held at **10:00am on Friday, 6 March 2020 at Suite 3, Level 45, 19-29 Martin Place Sydney NSW 2000** (the **Meeting**) and at any postponement or adjournment of the Meeting.

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

VOTING DIRECTIONS

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

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 CONSOLIDATION OF CAPITAL	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9 APPROVAL OF ISSUE OF OPTIONS TO DR GLENN TONG	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 APPROVAL OF CHANGE IN NATURE AND SCALE OF ACTIVITIES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10 APPROVAL OF ISSUE OF OPTIONS TO MR AIDEN JIANG	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 APPROVAL OF THE ACQUISITION OF INVICTUS BIOPHARMA LTD	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11 APPROVAL OF ISSUE OF OPTIONS TO MR KEVIN CHEN	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 APPROVAL OF THE ISSUE OF SHARES UNDER THE OFFER	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12 APPROVAL OF ISSUE OF OPTIONS TO MR STEVEN YU	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 APPROVAL OF THE ISSUE OF CONSIDERATION SHARES FOR THE INVICTUS ACQUISITION	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13 APPROVAL OF ISSUE OF OPTIONS TO MR GREG STARR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 APPROVAL OF THE ISSUE OF CONSIDERATION OPTIONS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
7 APPROVAL OF EMPLOYEE SHARE OPTION PLAN	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
8 APPROVAL OF ISSUE OF OPTIONS TO MR LOU PANACCIO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				



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

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

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