

Alchemia



Notice of Annual General Meeting and Explanatory Statement

Monday 10 November 2014

10:00 a.m. (Melbourne time)

The Westin,
205 Collins Street,
Melbourne VIC 3000
Australia

Alchemia Limited ACN 071 666 334

Part 1: Notice of Annual General Meeting

The Annual General Meeting of Members of Alchemia Limited (ACN 071 666 334) (the **Company** or **Alchemia**) will be held at The Westin, 205 Collins Street, Melbourne, Victoria, Australia on Monday, 10 November 2014 commencing at 10:00 a.m. (Melbourne time) for the purpose of considering and, if thought fit, passing the resolutions set out below.

Please note that additional information concerning the proposed resolutions is contained in the Explanatory Statement that accompanies and forms part of this Notice of Annual General Meeting. The 2014 Annual Report is available on the Company's website at www.alchemia.com.au. The annual Report will be posted to those shareholders who have elected to receive a hard copy on 17th October 2014.

Ordinary business

Item 1 – Annual financial report, Directors' report and Auditor's report

To receive and consider the annual financial report of the Company, together with the Directors' report and Auditor's report, for the financial year ended 30 June 2014.

Item 2 – Election and Re-election of Directors

a) Election of Santo Costa

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

"That Santo Costa, a Director ceasing to hold office in accordance with rule 13.2 of the Company's Constitution, being eligible, is elected as a Director of the Company."

b) Re-election of Nathan Drona

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

"That Nathan Drona, a Director retiring from office in accordance with rule 16.1 of the Company's Constitution, being eligible, is re-elected as a Director of the Company."

c) Re-election of Tim Hughes

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

"That Tim Hughes, a Director retiring from office in accordance with rule 16.1 of the Company's Constitution, being eligible, is re-elected as a Director of the Company."

For information about the candidates for election and re-election, see the Explanatory Statement.

Item 3 – Remuneration Report

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

"That the Remuneration Report, which forms part of the Directors' report, for the financial year ended 30 June 2014 be adopted."

Voting Exclusions: The Company will disregard any votes cast on this resolution by or on behalf of certain Members. Details of the voting exclusions applicable to this resolution are set out in the "Voting Exclusions" section of the Notes below.

For information on the Remuneration Report, see the Explanatory Statement.

Special business

Item 4 – Approval of proposed issue of Options to Non-Executive Directors

a) Approval of Proposed Issue of Options to Santo Costa

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

“That the Company hereby approves, for the purposes of ASX Listing Rule 10.11 and for all other purposes:

- (i) the grant to Santo Costa (being a Non-Executive Director of the Company as at the date this resolution is passed) of 1,000,000 Options on the basis described in the Explanatory Statement; and*
- (ii) any issue of Shares to Santo Costa upon the exercise of any such Options.”*

b) Approval of Proposed Issue of Options to Tracie Ramsdale

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

“That the Company hereby approves, for the purposes of ASX Listing Rule 10.11 and for all other purposes:

- (i) the grant to Tracie Ramsdale (being a Non-Executive Director of the Company as at the date this resolution is passed) of 500,000 Options on the basis described in the Explanatory Statement; and*
- (ii) any issue of Shares to Tracie Ramsdale upon the exercise of any such Options.”*

c) Approval of Proposed Issue of Options to Nathan Drona

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

“That the Company hereby approves, for the purposes of ASX Listing Rule 10.11 and for all other purposes:

- (i) the grant to Nathan Drona (being a Non-Executive Director of the Company as at the date this resolution is passed) of 500,000 Options on the basis described in the Explanatory Statement; and*
- (ii) any issue of Shares to Nathan Drona upon the exercise of any such Options.”*

d) Approval of Proposed Issue of Options to Susan Kelley

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

“That the Company hereby approves, for the purposes of ASX Listing Rule 10.11 and for all other purposes:

- (i) the grant to Susan Kelley (being a Non-Executive Director of the Company as at the date this resolution is passed) of 500,000 Options on the basis described in the Explanatory Statement; and*
- (ii) any issue of Shares to Susan Kelley upon the exercise of any such Options.”*

e) Approval of Proposed Issue of Options to Tim Hughes

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

“That the Company hereby approves, for the purposes of ASX Listing Rule 10.11 and for all other purposes:

- (i) the grant to Tim Hughes (being a Non-Executive Director of the Company as at the date this resolution is passed) of 500,000 Options on the basis described in the Explanatory Statement; and*
- (ii) any issue of Shares to Tim Hughes upon the exercise of any such Options.”*

Voting Exclusions: The Company will disregard any votes cast on these resolutions by or on behalf of certain Members. Details of the voting exclusions applicable to these resolutions are set out in the “Voting Exclusions” section of the Notes below.

For information on the proposed issue of Options to Non-Executive Directors, see the Explanatory Statement.

Item 5 – Amendment of the ESOP Rules

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

“That the Company hereby approves the amendments to the Rules of the Company’s Employees Share Option Plan described in the Explanatory Statement.”

Voting Exclusions: The Company will disregard any votes cast on this resolution by or on behalf of certain Members. Details of the voting exclusions applicable to this resolution are set out in the “Voting Exclusions” section of the Notes below.

For information on the proposed amendment to the ESOP Rules, see the Explanatory Statement.

Item 6 – Approval of proposed issue of Options and Shares to Thomas Liquard

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

“That the Company hereby approves the amendments to the Rules of the Company’s Employees Share Option Plan described in the Explanatory Statement.”

(i) the grant to Thomas Liquard (being the Chief Executive Officer of the Company as at the date this resolution is passed) of 1,100,000 Options under, and in accordance with, the ESOP and on the basis described in the Explanatory Statement;

(ii) any issue of Shares to Thomas Liquard upon the exercise of any such Options; and

(iii) the issue to Thomas Liquard of 25,452 Shares under, and in accordance with, the Share Plan and on the basis described in the Explanatory Statement.”

Voting Exclusions: The Company will disregard any votes cast on this resolution by or on behalf of certain Members. Details of the voting exclusions applicable to this resolution are set out in the “Voting Exclusions” section of the Notes below.

For information on the proposed issue of Options and Shares to Thomas Liquard, see the Explanatory Statement.

Item 7 – Amendment of Existing Options

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

“That, subject to the resolution proposed under item 5 in the notice convening this meeting being passed, the Company hereby approves for the purposes of ASX Listing Rule 6.23.4 and for all other purposes:

(i) the Expiry Date of the 400,000 Options issued to Thomas Liquard on 26 February 2014 being changed from 26 February 2019 to 26 February 2018; and

(ii) the Expiry Date of the 600,000 Options issued to Jenni Pilcher on 10 September 2014 being changed from 10 September 2019 to 10 September 2018.”

Voting Exclusions: The Company will disregard any votes cast on this resolution by or on behalf of certain Members. Details of the voting exclusions applicable to this resolution are set out in the “Voting Exclusions” section of the Notes below.

For information on the proposed amendment of existing Options, see the Explanatory Statement.

Item 8 – Increase in the Non-Executive Directors Fee Pool

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

“That, for the purposes of ASX Listing Rule 10.17 and rule 13.3(b) of the Company’s Constitution, the maximum aggregate remuneration that may be paid to all the Non-Executive Directors of the Company by the Company and its subsidiaries for their services as Directors of the Company and such subsidiaries, in respect of each year commencing on or after 1 July 2014, be increased by A\$250,000 from A\$500,000 per annum to A\$750,000 per annum.”

Voting Exclusions: The Company will disregard any votes cast on this resolution by or on behalf of certain Members. Details of the voting exclusions applicable to this resolution are set out in the “Voting Exclusions” section of the Notes below.

For information on the proposed increase in the Non-Executive Directors Fee Cap, see the Explanatory Statement.

Item 9 – Adoption of new Constitution

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

“That the existing Constitution of the Company be repealed and the new constitution in the form tabled at the meeting (excluding rule 80), and signed by the Chair of the meeting for the purposes of identification, be adopted as the Constitution of the Company, with effect from the close of the meeting.”

For information on the proposed new Constitution, see the Explanatory Statement.

Item 10 – Insertion of Proportional Takeover Approval Provisions

(a) If the resolution proposed under item 9 is passed, to consider and, if thought fit, to pass the following resolution as a special resolution:

“That, with effect from the close of the meeting, the Constitution of the Company be altered by inserting rule 80 in the form of the new Constitution tabled at the meeting for the purposes of the resolution under item 9 and signed by the Chair of the meeting for the purposes of identification.”

(b) If the resolution proposed under item 9 is not passed, to consider and, if thought fit, to pass the following resolution as a special resolution:

“That, with effect from the close of the meeting, the Constitution of the Company be altered by inserting and adopting as rule 27 the proportional takeover approval provisions in the form they took as rule 27 of the Constitution immediately before they ceased to apply on 10 November 2014.”

For information on the proportional takeover approval provisions, see the Explanatory Statement.

Notes

Voting Exclusions

Items 2(a), 2(b) and 2(c) – Election and Re-election of Directors

There are no voting exclusions for these items.

Item 3 – Remuneration Report

The following persons may not vote, and the Company will disregard any votes cast by or on behalf of the following persons, on the resolution proposed in item 3 (**Resolution 3**):

- any member of the key management personnel for the Alchemia consolidated group (each, a **KMP**) whose remuneration details are included in the Remuneration Report, and any closely related party of such a KMP;
- any other person to the extent that they are voting on behalf of such a KMP or closely related party; and
- any person who is a KMP as at the time Resolution 3 is voted on at the Meeting, and any closely related party of such a KMP, to the extent in either case that they are acting as a proxy,

unless the person votes as a proxy for someone who is entitled to vote and:

- the person is appointed as a proxy by writing that specifies how the proxy is to vote on Resolution 3; or
- the person is the Chair of the Meeting and the proxy appointment expressly authorises the Chair to exercise the proxy even if Resolution 3 is connected directly or indirectly with the remuneration of the KMP.

Items 4(a), 4(b), 4(c), 4(d) and 4(e) – Approval of proposed issue of Options to Non-Executive Directors pursuant to the Employee Share Option Plan

The following persons may not vote, and the Company will disregard any votes cast by the following persons, on the resolutions proposed in each of items 4(a), 4(b), 4(c), 4(d) and 4(e) (**Resolutions 4(a), 4(b), 4(c), 4(d) and 4(e)**):

- the relevant Non-Executive Director who is to receive the Options under Resolution 4(a), 4(b), 4(c), 4(d) or 4(e) (as applicable) or any associate of such a Director; and
- any person who is a KMP as at the time Resolutions 4(a), 4(b), 4(c), 4(d) and 4(e) are voted on at the Meeting, and any closely related party of such a KMP, to the extent in either case that they are acting as a proxy,

unless the person votes as a proxy for someone who is entitled to vote and:

- the person is appointed as a proxy by writing that specifies how the proxy is to vote on any of Resolutions 4(a), 4(b), 4(c), 4(d) and 4(e), and the vote is cast in accordance with that direction; or
- the person is the Chair of the Meeting and:
 - o the proxy appointment expressly authorises the Chair to exercise the proxy even if any of Resolutions 4(a), 4(b), 4(c), 4(d) and 4(e) is connected directly or indirectly with the remuneration of a KMP; and
 - o if the Chair is a Director who is eligible to participate in the ESOP, the vote is cast in accordance with a direction in the proxy appointment to vote as the proxy decides.

Item 5 – Amendment of the ESOP Rules

Any person who is a KMP as at the time the resolution proposed in item 5 (**Resolution 5**) is voted on at the Meeting, and any closely related party of such a KMP, to the extent in either case that they are acting as a proxy may not vote, and the Company will disregard any votes cast by or on behalf of the following persons, on Resolution 5, unless the person votes as a proxy for someone who is entitled to vote and:

- the person is appointed as a proxy by writing that specifies how the proxy is to vote on Resolution 5, and the vote is cast in accordance with that direction; or

- the person is the Chair of the Meeting and the proxy appointment expressly authorises the Chair to exercise the proxy even if Resolution 5 is connected directly or indirectly with the remuneration of the KMP.

Item 6 – Approval of proposed issue of Options and Shares to Thomas Liquard

The following persons may not vote, and the Company will disregard any votes cast by the following persons, on the resolution proposed in item 6 (**Resolution 6**):

- any Director who is eligible to participate in the ESOP or the Share Plan or any associate of such a Director; and
- any person who is a KMP as at the time Resolution 6 is voted on at the Meeting, and any closely related party of such a KMP, to the extent in either case that they are acting as a proxy,

unless the person votes as a proxy for someone who is entitled to vote and:

- the person is appointed as a proxy by writing that specifies how the proxy is to vote on Resolution 6, and the vote is cast in accordance with that direction; or
- the person is the Chair of the Meeting and:
 - the proxy appointment expressly authorises the Chair to exercise the proxy even if Resolution 6 is connected directly or indirectly with the remuneration of a KMP; and
 - if the Chair is a Director who is eligible to participate in the ESOP or the Share Plan, the vote is cast in accordance with a direction in the proxy appointment to vote as the proxy decides.

Item 7 – Amendment of Existing Options

The following persons may not vote, and the Company will disregard any votes cast by the following persons, on the resolution proposed in item 7 (**Resolution 7**):

- Thomas Liquard, Jenni Pilcher or any associate of either of them; and
- any person who is a KMP as at the time Resolution 7 is voted on at the Meeting, and any closely related party of such a KMP, to the extent in either case that they are acting as a proxy,

unless the person votes as a proxy for someone who is entitled to vote and:

- the person is appointed as a proxy by writing that specifies how the proxy is to vote on Resolution 7, and the vote is cast in accordance with that direction; or
- the person is the Chair of the Meeting, the proxy appointment expressly authorises the Chair to exercise the proxy even if Resolution 7 is connected directly or indirectly with the remuneration of a KMP and the vote is cast in accordance with a direction in the proxy appointment to vote as the proxy decides.

Item 8 – Increase in the Non-Executive Directors Fee Pool

The following persons may not vote, and the Company will disregard any votes cast by the following persons, on the resolution proposed in item 8 (**Resolution 8**):

- any Director or any associate of a Director; and
- any person who is a KMP as at the time the Resolution 8 is voted on at the Meeting, and any closely related party of such a KMP, to the extent in either case that they are acting as a proxy,

unless the person votes as a proxy for someone who is entitled to vote and:

- the person is appointed as a proxy by writing that specifies how the proxy is to vote on Resolution 8, and the vote is cast in accordance with that direction; or
- the person is the Chair of the Meeting, the proxy appointment expressly authorises the Chair to exercise the proxy even if Resolution 8 is connected directly or indirectly with the remuneration of a KMP and the vote is cast in accordance with a direction in the proxy appointment to vote as the proxy decides.

Item 9 - Adoption of new Constitution

There are no voting exclusions for this item.

Item 10 - Insertion of Proportional Takeover Approval Provisions

There are no voting exclusions for this item.

Defined terms used in the voting exclusions

For the purposes of the above voting exclusions:

- The **key management personnel for the Alchemia consolidated group** (or **KMPs**) are those persons having authority and responsibility for planning, directing and controlling the activities of the Alchemia consolidated group either directly or indirectly. It includes all Directors (Executive and Non Executive). The KMPs during the financial year ended 30 June 2014 are listed in the Remuneration Report.
- A **closely related party** of a KMP means:
 - o a spouse or child of the KMP; or
 - o a child of the KMP's spouse; or
 - o a dependant of the KMP or of the KMP's spouse; or
 - o anyone else who is one of the KMP's family and may be expected to influence the KMP, or be influenced by the KMP, in the KMP's dealings with the Alchemia consolidated group; or
 - o a company the KMP controls.

Application of voting exclusions to attorneys

The Company will also apply these voting exclusions to persons appointed as attorney by a Member to attend and vote at the Annual General Meeting under a power of attorney, as if they were appointed as a proxy.

Explanatory Statement

The accompanying Explanatory Statement forms part of this Notice of Meeting and should be read in conjunction with it.

Proxies

Please note that:

- (a) a Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a Member of the Company;
- (c) a Member may appoint a body corporate or an individual as its proxy;
- (d) a body corporate appointed as a Member's proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Member's proxy; and
- (e) Members entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms. If a Member appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, a certificate of the appointment of corporate representative should be completed and lodged in the manner specified below.

If proxy holders vote on a poll, they must vote all directed proxies as directed. Any directed proxies which are not voted on a poll will automatically default to the Chair of the Meeting, who must vote the proxies as directed.

Proxy forms must be lodged by 10.00 a.m. (Melbourne time) on 8 November 2014.

Please note that if the Chair of the Meeting is appointed, or taken to be appointed, as a proxy, but the appointment does not specify the way to vote on a resolution, then the Chair intends to exercise the relevant Member's votes in favour of the relevant resolution (subject to the other provisions of these Notes, including the voting exclusions noted above).

Corporate representatives

Any:

- corporate Member; or
- corporate proxy appointed by a Member,

which has appointed an individual to act as its corporate representative at the Annual General Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company or its share registry, Link Market Services, in advance of the Annual General Meeting or handed in at the Annual General Meeting when registering as a corporate representative. An Appointment of Corporate Representative form is available by contacting the Company's share registry, Link Market Services, on 1300 554 474 (within Australia) or +61 1300 554 474 (outside Australia).

If you have any queries on how to cast your votes, please call the Company's share registry, Link Market Services, 1300 554 474 (within Australia) or +61 1300 554 474 (outside Australia).

Attorneys

A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint an attorney to attend and vote at the Annual General Meeting on the Member's behalf. An attorney need not be a Member.

The power of attorney appointing the attorney must be duly executed and specify the name of each of the Member, the Company and the attorney, and also specify the meetings at which the appointment may be used. The appointment may be a standing one.

To be effective, the power of attorney must also be returned in the same manner, and by the same time, as proxy appointment forms.

Evidence of execution

If any instrument (including a proxy appointment form or appointment of corporate representative) returned to the Company is completed by an individual or a corporation under power of attorney, the power of attorney under which the instrument is signed, or a certified copy of that power of attorney, must accompany the instrument unless the power of attorney has previously been noted by the Company or the Company's share registry.

Voting entitlements

For the purpose of voting at the Annual General Meeting, the Directors have determined that all shares in the Company are taken to be held by the persons who are registered as holding them at 7.00 pm (Melbourne time) on 8 November 2014. The entitlement of Members to vote at the Annual General Meeting will be determined by reference to that time.

By Order of the Board:



Stephen Denaro
Company Secretary
10 October 2014

Part 2: Explanatory Statement

1 Introduction

This Explanatory Statement has been prepared for the information of Members in connection with the resolutions to be considered by them at the Annual General Meeting to be held at The Westin, 205 Collins Street, Melbourne, Victoria, Australia on Monday, 10 November 2014 commencing at 10:00 a.m. (Melbourne time).

The purpose of this Explanatory Statement is to provide Members with the information known to the Company that the Board considers material to their decision on whether to approve the resolutions in the accompanying Notice. This document is important and should be read in conjunction with all of the information contained in this booklet, including the Notice.

Capitalised terms in this Explanatory Statement are defined in the Glossary in Section 4.

2 Ordinary business

Item 1 – Annual financial report and Directors’ and Auditor’s reports

Background

The first item of business of the Annual General Meeting is to receive and consider the annual financial report of the Company, together with the Directors’ report and Auditor’s report, for the financial year ended 30 June 2014.

No resolution is required for this item of business. However, as a Member, you may submit a written question to the Auditor prior to the Annual General Meeting provided that the question relates to:

- the content of the Auditor’s report; or
- the conduct of the audit in relation to the financial report.

All written questions must be received by the Company no later than five business days prior to the meeting.

All questions must be sent to the Company and may not be sent direct to the Auditor. The Company will then forward all questions to the Auditor.

The Auditor will be attending the Annual General Meeting and will answer written questions submitted prior to the meeting.

The Auditor will also be available to answer questions from Members relevant to:

- the conduct of the audit;
- the preparation and content of the Auditor’s report;
- the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- the independence of the Auditor in relation to the conduct of the audit.

Item 2 – Election and re-election of Directors

Background

The second item of business of the Annual General Meeting relates to the election and re-election of Directors.

Election of Directors

Rule 13.2 of the Constitution provides that any Director appointed by the Board under rule 13.2 of the Constitution either to fill a casual vacancy or as an addition to the Board may only hold office until the next annual general meeting of the Company and is then eligible for election at that meeting.

In accordance with rule 13.2 of the Constitution, Santo Costa will cease to hold office at the Annual General Meeting and being eligible, has offered himself for election.

Details of Mr Costa's experience and qualifications can be found below under the heading 'Candidate details'.

Re-election of Directors

Rule 16.1 of the Constitution provides that at every annual general meeting of the Company one third of the Directors must retire from office. If the number of Directors is not a multiple of three, the number of Directors nearest to, but not less than, one third of the Directors must retire from office.

In accordance with rule 16.1 of the Constitution, Nathan Drona and Tim Hughes will retire at the Annual General Meeting and being eligible, each has offered himself for re-election.

Details of Nathan Drona's and Tim Hughes' experience and qualifications can be found below under the heading 'Candidate details'.

Candidate details

Election of Santo Costa – Non-Executive Director and Chairman of the Board

Santo J. Costa was appointed to the Board by the Directors under rule 13.2 of the Constitution on 1 March 2014.

Over a 30 year period, Santo held top executive positions across the life sciences industry including President and Chief Operating Officer of Quintiles Transnational Corporation where he oversaw the successful integration of numerous acquisitions as the company became the worldwide leader in providing services to the pharmaceutical and biotechnology industries. Under his leadership, the company's employee base increased from approximately 1,000 to 20,000. Santo also held the position of Senior Vice President, Administration and General Counsel of Glaxo, Inc., where he sat on the company's Board of Directors and Executive Committee. Santo is currently Of Counsel to the law firm Smith, Anderson, Blount, Dorsett, Mitchell & Jernigan in Raleigh, North Carolina. Santo holds a B.S. in Pharmacy and a J.D. both from St. John's University, New York, and is a member of the North Carolina Bar, the New York Bar and the Ohio Bar.

Santo is a member of Alchemia's Remuneration Committee and Nomination Committee and an ex officio member of the Audit & Risk Committee.

The Board has determined that Santo Costa is an independent Director.

Re-election of Nathan Drona – Non-Executive Director

Nathan Drona was first appointed to the Board on 22 March 2013 and last elected as a Director by Members at the Company's 2013 annual general meeting.

Nathan serves on the Board of Alchemia following a fifteen year career in international investment banking, most recently as Managing Director of Challiss in New York and Sydney. He previously served as Alchemia's interim Chairman from July 2013 to February 2014. Nathan is experienced in corporate finance and has executed more than 25 global banking and M&A engagements in biotech related fields, leading to the award of the "Pharmaceutical Buy- Side M&A Advisor of the Year" by Frost & Sullivan in 2005. Nathan is currently a non-executive Director of Phosphagenics Limited (ASX: POH) and has been a board member of other public and private companies in Australia and North America. He holds a Master of Business

Administration (Finance) from the University of Victoria, British Columbia, a Bachelor of Arts (Philosophy) from the University of Western Ontario, and has previously held senior securities licenses with the US Financial Industry Regulatory Authority (FINRA).

Nathan is the chairman of Alchemia's Nomination Committee and a member of Alchemia's Remuneration Committee and Audit & Risk Committee.

The Board has determined that Nathan Drona is an independent Director.

Re-election of Tim Hughes - Non-Executive Director

Tim Hughes was first appointed to the Board on 13 July 2013 and last elected as a Director by Members at the Company's 2013 annual general meeting.

Tim has over thirty years' experience in investment banking, funds management and as an institutional investor. Tim's most recent roles were as Investment Counsel at NGS Super and as a commentator on economics and finance for a News Corporation paper. He previously spent thirteen years as a senior executive at Rothschilds where he was a board director and executive committee member. Tim has a strong track record in business development and strategic thinking and brings a substantial investor focus to the board.

Tim holds First Class Honours degrees in Science and Economics from the Universities of Melbourne and New England respectively, and a Masters in Natural Resource Management from the University of New England.

Tim is the chairman of Alchemia's Audit & Risk Committee and a member of Alchemia's Remuneration Committee and Nomination Committee.

The Board has determined that Tim Hughes is an independent Director.

Directors' Recommendation

The Directors (in each case excluding the relevant candidate) recommend that Members vote in favour of the re-election of each of the above candidates.

Item 3 – Remuneration Report

Background

Members are entitled to vote on the question whether the Remuneration Report as contained in the Directors' report is adopted.

Members should note that Resolution 3 is an "advisory only" resolution which does not bind the Directors or the Company.

However, the Corporations Act provides that if 25% or more of votes that are cast are voted against the adoption of the remuneration report at two consecutive annual general meetings, Members will be required to vote at the second of those annual general meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Directors who were in office at the date of the approval of the applicable directors' report must stand for re-election.

The resolution to approve the remuneration report was passed unanimously on a show of hands at the 2013 annual general meeting.

Following consideration of the Remuneration Report, the Chair of the Meeting will give Members a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

The Board will take the outcome of the vote into consideration when reviewing remuneration practices and policies of the Company.

Directors' Recommendation

Noting that each Director has a personal interest in their own remuneration from the Company (as such interests are described in the Remuneration Report) and, as described above in the voting exclusions, that each Director (or any closely related party of a Director) is excluded from voting their shares on

this resolution, the Directors recommend that Members vote in favour of Resolution 3 to adopt the Remuneration Report.

3 Special Business

Item 4 – Approval of proposed issue of Options to Non-Executive Directors

Background

Members are asked to approve the issue of the following Options:

- (a) 1,000,000 Options to be issued to Santo Costa;
- (b) 500,000 Options to be issued to Tracie Ramsdale;
- (c) 500,000 Options to be issued to Nathan Drona;
- (d) 500,000 Options to be issued to Susan Kelley; and
- (e) 500,000 Options to be issued to Tim Hughes.

The remuneration policies and procedures of the Company are designed to attract high calibre staff and Directors on a global scale. Options remain a popular method of remuneration across the globe, particularly in the United States. Therefore the Board considers issuing options to Directors a reasonable approach to remunerating Non-Executive Directors, in order to be able to access important talent and experience in the US, which is the key market for our products.

In addition, Options help to conserve the Company's cash reserves so that cash is invested in research and development, distribution and marketing efforts to the extent possible. As such, predominantly equity based incentives continue to provide the best and most viable means for the Company to recognise and reward performance over the long term.

In broad terms, the Options proposed to be issued to the Non-Executive Directors are consistent with the terms of issue of the Options issued under the Company's ESOP (further details on the terms of issue are set out below). However, the Board has determined that the Options should not be issued under the ESOP – primarily due to the agreed exercise price for the Options.

Under the rules of the ESOP, the exercise price of Options issued under the ESOP must be not less than the weighted average of the sale price of the Company's Shares on each of the 5 Business Days immediately preceding the date of issue. In contrast the exercise price of Options proposed to be issued to the Non-Executive Directors is \$0.7150 (which is above the weighted average of the sale price of the Company's Shares on each of the 5 Business Days immediately preceding 1 March 2014, being the date the offer of options were made to the Non-Executive Directors). As the issue date of the Options proposed to be issued to the Non-Executive Directors will not be until after the Meeting, it is not certain that the issue price of the Options will be not less than the weighted average of the sale price of the Company's Shares on each of the 5 Business Days immediately preceding the date of issue. Accordingly, the Board has determined that the Options proposed to be issued to the Non-Executive Directors should not be issued under the ESOP.

In determining the quantum of Options proposed to be issued to the Non-Executive Directors and their terms of issue, consideration was given to a number of factors including time and effort spent by Directors for participation on the Board and its committees, the quantum of Options previously granted to executives and employees for remuneration, and to previous benchmarking exercises undertaken by the Company.

Furthermore, the Directors consider Alchemia to be in an important stage of development with significant opportunities and challenges in both the near and long-term, and the proposed issue seeks to align the efforts of the Directors in seeking to achieve growth of the share price and in the creation of shareholder value. After considering all of these factors, the Directors believe that the quantum of Options proposed to be issued to the Non-Executive Directors and their terms of issue, subject to approval by the Members, is reasonable.

The need for shareholder approval

ASX Listing Rule 10.11 provides that an entity must not issue or agree to issue 'equity securities' (which includes Options) to a 'related party' (which includes the Non-Executive Directors) without the prior approval of ordinary shareholders.

Accordingly, under ASX Listing Rule 10.11, the Company must seek Member approval to grant Options to each of the Non-Executive Directors named above.

Information required by the ASX Listing Rules

ASX Listing Rule 10.13 requires that the meeting documents concerning a proposed resolution to approve an issue of securities, in accordance with ASX Listing Rule 10.11, must include the following information:

Directors to be issued Options	Each of Santo Costa, Tracie Ramsdale, Nathan Drona, Susan Kelley and Tim Hughes (each of whom are Non-Executive Directors).
Maximum number of securities	<p>The maximum number of securities that could be obtained by each of Santo Costa, Tracie Ramsdale, Nathan Drona, Susan Kelley and Tim Hughes is as set out above under the heading 'Background'.</p> <p>Each Option entitles the holder, upon payment of the exercise price, to acquire one fully paid share in the capital of the Company.</p>
Issue date	A date to be determined by the Board, as soon as practicable after the Meeting but in any event no later than one month after the approval is given at the Meeting.
Price	<p>The Options will be issued for nil consideration.</p> <p>The Options will have an exercise price of \$0.7150.</p>
Vesting Date	<p>The Options issued to each Non-Executive Director described above will vest in 3 equal tranches:</p> <ul style="list-style-type: none">• 1/3 of Options at 1 March 2015;• 1/3 of Options at 1 March 2016; and• 1/3 of Options at 1 March 2017.
Expiry date	5 years after the date of issue.
Intended use of funds	Although the purpose of the issue of the Options is not fundraising, any funds raised from the exercise of Options will be used for general corporate purposes.

Further, the Directors note that no further approval will be required for the purposes of ASX Listing Rule 7.1 in respect of any issue of Options for which the Company receives approval under ASX Listing Rule 10.11 under Resolution 4.

Directors' Recommendation

As it is proposed that each Director be issued with Options, the Directors make no recommendation to Members regarding how to vote Resolutions 4(a), 4(b), 4(c), 4(d) and 4(e) to approve the issue of Options to the Non-Executive Directors.

Item 5 – Amendment of the ESOP Rules

Background

The Board recognises the need to adequately incentivise and remunerate staff, but is keen to ensure that the Company's cash reserves are invested in research and development, distribution and marketing efforts to the extent possible. As such, predominantly equity based incentives continue to provide the best and most viable means for the Company to recognise and reward performance.

One of the key foundations of the Company's equity incentive program is the Company's Employee Share Option Plan (**ESOP**). The ESOP is designed to:

- (a) align employee incentives with Members' interests;
- (b) encourage broad-based share ownership by employees; and
- (c) assist employee attraction and retention.

The ESOP was adopted at the time of the Company's initial public offering in December 2003, re-approved by Members at the Company's 2007 annual general meeting, amended and approved by Members at the Company's 2010 annual general meeting and approved by Members at the Company's 2013 annual general meeting.

The rules of the ESOP (the **Rules**) prescribe the manner in which the ESOP is to be implemented. The Rules provide the Board with a number of discretions in administering the ESOP – for example, to determine who is invited to participate in the ESOP, the number of Options they are offered under the ESOP and the impact on a participant's Options where they cease to be employed by the Alchemia group of companies. However, there are a number of requirements in the Rules where the Board has no flexibility – for example, most relevantly, the expiry date of the Options (the **Expiry Date**) must be 5 years after the date of issue of the Option and the exercise price must be not less than the weighted average of the sale price of Alchemia ordinary shares (**Shares**) on each of the 5 business days immediately preceding the date of issue of the Option.

Ability to amend the ESOP Rules

Rule 14 of the Rules provides as follows:

Alterations, deletions or additions to these Rules must be approved by the Shareholders in a General Meeting. If the Company's Shares are Listed, such alteration, deletion or addition has no effect unless it complies with the relevant provisions of the Listing Rules.

Accordingly, there is no ability for the Board to issue Options under the ESOP where the terms of those Options do not accord with the prescriptive requirements over which the Board has no discretion. For example:

- An Option must have an Expiry Date that is 5 years after the date of issue of the Option. Therefore, for example, an Option cannot have an Expiry Date that is 4 years after the date of issue, or 6 years after the date of issue.
- An Option must have an exercise price that is not less than the weighted average of the sale price of Shares on each of the 5 Business Days immediately preceding the date of issue of the Option. So, for example, if the Company agrees at a certain time to issue Options by reference to the market price of Shares at that time, but the Options are not issued until a later time at which the weighted average of the sale prices of Shares is higher than the previously agreed price, the Options cannot be issued at that previously agreed price.

Proposal to amend the ESOP Rules

As noted above, the Rules were first adopted at the time of the Company's initial public offering in December 2003.

Since that time, it has become customary practice that the Board is vested with a discretion to implement, and amend, the terms of employee incentive plans (such as the ESOP) on terms that the Board considers appropriate. Against the background of that practice and the restrictive nature of the ability to amend Rules, the Board considers that it is appropriate to seek Member approval for an amendment to the Rules to permit amendments to the Rules to be made by the Board without the need to obtain further Member approval. (The need to have flexibility to amend the Rules is highlighted by the changes to the Options held by Thomas Liquard and Jenni Pilcher that are the subject of Resolution 7).

Accordingly, the Board proposes that Rule 14 of the Rules be deleted and replaced with the following:

- (a) Subject to Rule 14(b), the Board may add to, repeal, amend, alter or vary any or all of the provisions of these Rules in writing in any respect whatsoever, including the rights or obligations of the Eligible Participants (or any of them).
- (b) No addition, repeal, amendment, alteration or variation of these Rules (Amendment) will, without an Eligible Participant's consent in writing:
 - (i) materially reduce that Eligible Participant's accrued benefits or entitlements as they existed before the date of the amendment; or
 - (ii) impose additional obligations on that Participant in respect of their Options;

unless the Amendment is introduced primarily:

- (A) for the purpose of complying with or conforming to present or future laws or regulating the maintenance or operation of the Plan or like plans;
 - (B) to correct any manifest error or mistake; or
 - (C) to enable the Plan or the Company to comply with the Act, the Listing Rules or its Constitution.
- (c) Any Amendment made pursuant to Rule 14.1(a) may be given such retrospective effect as is specified in the resolution by which the Amendment is made.

Essentially, the proposed amendment will allow the Board to amend the Rules – generally or in relation to specific participants – where that amendment does not materially reduce any accrued rights of ESOP participants, unless that amendment is approved by writing by the affected participants or is required to comply with relevant regulatory requirements.

The Board considers that the proposed amendment is in the best interests of the Company as it will allow the Board to amend the Rules to bring them into line with customary practice and, as necessary, to issue Options on terms that vary from the prescribed terms currently required by the Rules.

In the short term, as noted below in relation to Resolution 7, it is also proposed that the terms of the Options previously issued to Mr Thomas Liquard and Ms Jenni Pilcher be amended (with their agreement) to bring forward the Expiry Date of their Options by one year.

Directors' Recommendation

The Directors recommend that Members vote in favour of Resolution 5 to approve the amendment of the Rules.

Item 6 – Approval of proposed issue of Options and Shares to Thomas Liquard under the ESOP and Share Plan respectively

Background

Members are asked to approve the issue to Thomas Liquard, the Chief Executive Officer of the Company, of:

- 1,100,000 Options under the ESOP; and
- 25,452 Shares under the Share Plan,

in accordance with the terms of his employment contract with the Company.

The Directors believe that the quantum of Options to be issued to Thomas Liquard, subject to approval by the Members, is reasonable. Thomas Liquard took over as Chief Executive Officer at a very crucial time for the Company. The proposed issue is made in recognition of the immense efforts that he will have to put in to achieve growth of the share price, progression of the Company's key assets and the creation of shareholder value.

The Board believes that employee incentivisation with Options rather than cash is a prudent means of conserving the Company's available cash.

The Directors also believe that the quantum of Shares to be issued to Thomas Liquard, subject to approval by the Members, is reasonable. This issue of Shares forms part of a short term incentive payment to Thomas for the year ended 30 June 2014. The quantum was determined with reference to achievement of certain key performance indicators throughout the 2014 financial year. Further detail on how this award was determined can be found within the Remuneration Report. Further detail on the ESOP and the Share Plan can also be found within the Remuneration Report.

The need for shareholder approval

ASX Listing Rule 10.14 provides that an entity must not permit any director of the Company to acquire securities under an employee incentive scheme without the prior approval of ordinary shareholders.

Although Thomas Liquard is not a Director, the Board considers it appropriate on this occasion to request Member approval for the proposed issue of Options to him for the purpose of the ASX Listing Rules, although not technically required by the ASX Listing Rules.

Accordingly, under ASX Listing Rule 10.14, the Company must seek Member approval to grant Options to each of the Non-Executive Directors named above.

Information required by the ASX Listing Rules

ASX Listing Rule 10.15 requires that the meeting documents concerning a proposed resolution to approve an issue of securities, in accordance with ASX Listing Rule 10.14, must include the following information:

Relevant relationship with the Company	Although Thomas Liquard, the Company's Chief Executive Officer is not a Director, the Board considers it appropriate on this occasion to request Member approval regarding the issue to him of the above Options and Shares.
Maximum number of securities	The maximum number of securities that could be obtained by Thomas Liquard is 1,100,000 Options, and 25,452 Shares. Each Option entitles the holder, upon payment of the exercise price, to acquire one fully paid share in the capital of the Company.
Issue date	A date to be determined by the Board, as soon as practicable after the Meeting but in any event no later than 12 months after the approval is given at the Meeting.
Price	<u>Options</u> The Options will be issued for nil consideration. The Options will have an exercise price of \$0.8650. The exercise price has been determined to be a 43% premium to closing market price of Shares on 21 February 2014 (being the date that the offer of Options was made to Mr Liquard). <u>Shares</u> The Shares are issued for nil consideration.

Vesting Date	<p><u>Options</u></p> <p>The Options issued will vest in 3 equal tranches:</p> <ul style="list-style-type: none"> • 366,666 Options at 24 February 2015; • 366,666 Options at 24 February 2016; and • 366,667 Options at 24 February 2017. <p><u>Shares</u></p> <p>The Shares will be subject to a holding lock until released in accordance with the terms of the Share Plan.</p>
Expiry date (for Options only)	<p>If Resolution 5 is passed – 25 February 2018, being 4 years from the date of offer.</p> <p>If Resolution 5 is not passed – 5 years after the date of issue.</p>
The names of all persons referred to in ASX Listing Rule 10.14 entitled to participate in the ESOP and the Share Plan	<p>A full-time or part-time employee of the Company and its related bodies corporate, a director and or consultant of the Company and includes, without limitation, an employee, director and or consultant who joins the Company or its related bodies corporate, and whom the Board determines is eligible to participate in the ESOP or the Share Plan (as applicable), is entitled to participate in the ESOP or the Share Plan (as applicable).</p>
Loan terms	<p>There are no applicable loans.</p>

In addition to the above matters, ASX Listing Rule 10.15 requires that this Explanatory Statement include the names of all persons referred to in ASX Listing Rule 10.14 who received securities under the ESOP or Share Plan since the last approval, the number of the securities received, and acquisition price for each security.

The last approval of an issue of Options under the ESOP under ASX Listing Rule 10.14 was obtained at the Company's 2013 AGM. The relevant details of Options issued under the ESOP since the 2013 annual general meeting are as follows:

Person referred to in ASX Listing Rule 10.14	Number of Options granted (in each case, for no consideration)	Exercise Price	Expiry date
Tracie Ramsdale	191,000	\$0.715	11 November 2017
Nathan Drona	191,000	\$0.715	11 November 2017
Susan Kelley	191,000	\$0.715	11 November 2017
Tim Hughes	191,000	\$0.715	11 November 2017
Charles Walker ¹	468,166	\$0.3368	11 November 2017
	468,167 ²	\$0.4210	11 November 2017
	468,167 ²	\$0.5052	11 November 2017
	383,000 ²	\$0.5935	11 November 2017

¹ Charles Walker was the former Chief Executive Officer of the Company. Although he was not a Director, the Board considered it appropriate to seek shareholder approval at the Company's 2013 annual general meeting for these issues of Options to him for the purpose of the ASX Listing Rules, although not technically required by the ASX Listing Rules.

² Options cancelled on 25 February 2014.

The last approval of an issue of Shares under the Share Plan under ASX Listing Rule 10.14 was obtained at the Company's 2013 AGM. The relevant details of Shares issued under the Share Plan since the 2013 AGM are as follows:

Person referred to in ASX Listing Rule 10.14	Number of Shares issued	Acquisition Price
Charles Walker ¹	71,688	nil

¹ Charles Walker was the former Chief Executive Officer of the Company. Although he was not a Director, the Board considered it appropriate to seek Member approval at the Company's 2013 annual general meeting for this issue of Shares to him for the purpose of the ASX Listing Rules, although not technically required by the ASX Listing Rules.

Directors' Recommendation

The Directors recommend that Members vote in favour of Resolution 6 to approve the issue of Options and Shares to Thomas Liquard under the ESOP and Share Plan respectively.

Item 7 – Amendment of Existing Options

Background

As noted above in relation to Resolution 5, one of the key foundations of the Company's equity incentive program is the ESOP, which is designed to:

- align employee incentives with Members' interests;
- encourage broad-based share ownership by employees; and
- assist employee attraction and retention.

Over the last 12 months, the Company has made two senior appointments to its executive team:

- In December 2013, the Company appointed Thomas Liquard as Chief Operating Officer (**COO**) and, subsequently, in February 2014 Mr Liquard was appointed Chief Executive Officer (**CEO**).
- In August 2014, the Company appointed Jenni Pilcher as Chief Financial Officer (**CFO**).

As part of the remuneration arrangements agreed with each of Mr Liquard and Ms Pilcher at the time of their appointments, the Company agreed to issue Options to each of them as follows:

- The Company agreed to issue 400,000 Options under the ESOP to Mr Liquard upon his appointment as COO.
- The Company agreed to issue 600,000 Options under the ESOP to Ms Pilcher upon her appointment as CFO.

In each case, the parties intended that the Options would be issued with an exercise price equal to a 43% premium to the Company's share price on the date of issue and would have an Expiry Date of four years after the date of issue. Accordingly:

- on 26 February 2014, 400,000 Options were issued to Mr Liquard with an exercise price of \$0.8866 (based on a 43% premium to the Company's share price on the date of issue); and
- on 10 September 2014, 600,000 Options were issued to Ms Pilcher with an exercise price of \$0.8795 (based on a 43% premium to the Company's share price on the date of issue).

However in each case – contrary to the parties' intentions – the Options were issued with an Expiry Date that was five years after the date of issue (26 February 2019, instead of 26 February 2018, in the case of the Options issued to Mr Liquard and 10 September 2019, instead of 10 September 2018, in the case of the Options issued to Ms Pilcher).

Options previously issued under the ESOP by Alchemia had customarily been issued with a five year expiry date (as is the mandatory requirement under the Rules) and, as a result, the Options issued to Mr Liquard and Ms Pilcher were issued on those terms without due regard to the parties' intentions at the time of their respective appointment.

The Proposal

The Company and Mr Liquard and Ms Pilcher have agreed that the Expiry Date of their Options should be amended to bring it into line with the terms intended (subject to obtaining all necessary approvals).

Accordingly, it is proposed that:

- the Expiry Date of the 400,000 Options issued to Mr Liquard on 26 February 2014 be changed from 26 February 2019 to 26 February 2018; and
- the Expiry Date of the 600,000 Options issued to Ms Pilcher on 10 September 2014 be changed from 10 September 2019 to 10 September 2018.

The need for shareholder approval:

ASX Listing Rule 6.23.4 provides a change affecting options which is not prohibited under ASX Listing Rule 6.23.3 can only be made with the prior approval of ordinary shareholders.

The proposed changes to bring forward the Expiry Date of the Options held by Mr Liquard and Ms Pilcher is not prohibited by ASX Listing Rule 6.23.3 (which prohibits changes to options which have the effect of reducing the exercise price, increasing the period for exercise or increasing the number of securities received on exercise).

Accordingly, under ASX Listing Rule 6.23.4, the Company must seek Member approval to amend the Expiry Dates of the relevant Options.

In addition, the proposed changes to bring forward the Expiry Date will only be able to be made if Resolution 5 is approved by Members (and the Rules are amended to provide an ability for the Board to amend the Rules). If Resolution 5 is not approved by Members, under the Rules it will not be possible to bring forward the Expiry Date in the manner proposed. In those circumstances, the Company proposes to withdraw Resolution 7 as it cannot be effective.

Reasons supporting the proposed changes to the Expiry Dates

As noted above, the amendments to the Expiry Dates of the Options held by Mr Liquard and Ms Pilcher are being proposed to bring the terms of issue of those Options into line with the parties' intentions at the time of their respective appointments. In this respect, the Board notes the following:

- The proposal is not designed to achieve a different outcome from that which was intended at the time of appointment of Mr Liquard and Ms Pilcher. Rather, it is being undertaken to correctly issue those Options in line with the parties' intentions.
- The proposal is not seeking to extract an economic benefit from the Company at the expense of Members, nor is it providing an undue advantage to Mr Liquard or Ms Pilcher (respectively) as optionholders or causing any detriment to Members. As noted above, the proposal is being proposed to fix the incorrect basis upon which the Options were originally issued. Indeed, from the perspective of the Company vis-à-vis Mr Liquard and Ms Pilcher, the proposal is (if anything) advantageous to the Company as it reduces the life of the Options by one year. In all other respects, the terms of the Options remain the same.

Directors' Recommendation

The Directors recommend that Members vote in favour of Resolution 7 to approve the amendment of the existing Options held by Thomas Liquard and Jenni Pilcher.

Item 8 – Increase in the Non-Executive Directors Fee Pool

The Directors consider that the aggregate amount of Directors' fees to be paid out of the funds of the Company by way of remuneration for their services as Non-Executive Directors of the Company should be increased by \$250,000, from \$500,000 per annum to \$750,000 per annum.

The Board considers that having an increased maximum remuneration pool provides the flexibility to appoint additional high calibre Directors should it consider this to be in the best interest of the Company at a future time.

Shareholders should note that increasing the limit or cap prescribed in respect of the aggregate Non-Executive Director fees does not mean that Members are approving an increase in the fees payable to each current Non-Executive Director.

Alchemia has established a remuneration committee of the Board which regularly reviews directors fees, and the remuneration policy with respect to these fees is set out in the Remuneration Report.

The aggregate of Directors' fees was last approved by Members on 23 November 2007 to increase the potential for the Board to be able to attract appropriately qualified directors.

For these reasons, the Board has resolved to seek Member approval for this proposed increase in the Directors fee pool.

ASX Listing Rule 10.17 requires that the meeting documents concerning a proposed resolution to increase the total aggregate amount of fees payable to an entity's non-executive directors must include details of securities issued to a non-executive director under ASX Listing Rule 10.11 or 10.14 with the approval of shareholders at any time during the preceding three years. These details are set out in the table below:

Director	Security issued	Number issued	Exercise price	Grant date	Vesting date	Expiry date
Tracie Ramsdale	Options	191,000	\$0.7150	12 November 2013	16 September 2014	11 November 2017
Nathan Drona	Options	191,000	\$0.7150	12 November 2013	16 September 2014	11 November 2017
Susan Kelley	Options	191,000	\$0.7150	12 November 2013	16 September 2014	11 November 2017
Tim Hughes	Options	191,000	\$0.7150	12 November 2013	16 September 2014	11 November 2017

Directors' Recommendation

Noting that each Non-Executive Director has a personal interest in their own remuneration from the Company, the Directors recommend that Members vote in favour of Resolution 8 to approve the Increase in the Non-Executive Directors Fee Pool.

Item 9 – Adoption of new Constitution

Background

The Company's current constitution was adopted in 2003, when Alchemia was first listed on the ASX (**Current Constitution**).

Since 2003 there have been a number of changes to Australian corporate law and practice including, among other things, various amendments to the Corporations Act, changes to the ASX Listing Rules, the introduction of the ASX Settlement Operating Rules to replace the SCH Business Rules and material revisions to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

In order to reflect these changes, the Board is proposing that a new constitution be adopted (**New Constitution**). Many of the significant differences between the Current Constitution and the New Constitution are described below.

The proposed New Constitution has been developed with the aim of modernising terminology and procedures contained within the Current Constitution and, where appropriate, adopting new or amending existing provisions to bring the Company's corporate governance framework in line with best practice.

A copy of the proposed New Constitution can be obtained by Members prior to the Meeting as follows:

- from the Company's website at www.alchemia.com.au; and
- at no charge by written request to the Company Secretary at 3 Hi-Tech Court, Eight Mile Plains, Queensland 4113.

A copy of the New Constitution will also be made available for inspection at the Meeting.

General Approach

With the aim of simplifying the Company's constitution and minimising repetition or future inconsistency between the constitution and either the Corporations Act or the ASX Listing Rules, the general approach taken has been that where the Corporations Act or the ASX Listing Rules expressly require or provide for something, the New Constitution has (where appropriate) refrained from repeating that requirement or applicable provisions. For example:

- the Corporations Act provisions relating to the alteration of the Company's share capital have not been repeated in proposed rule 28 of the New Constitution;
- limitations imposed by the Corporations Act upon the issuing of preference shares by the Company have not been repeated in proposed rule 6 of the New Constitution;
- the Corporations Act provisions prescribing the circumstances in which the Company may declare a dividend have not been repeated in proposed rule 68 of the New Constitution; and
- proposed new rule 23 confirms that the Board can only refuse to register a transfer of share if it would result in contravention of law or the ASX Listing Rules, if the shares have been forfeited or if permitted by the ASX Listing Rules.

Preference Shares

Rule 3.8 of the Current Constitution would be replaced by rule 6 of the New Constitution.

The Current Constitution does not confer upon the Board the power to issue 'preference shares'. That is, particular shares which provide holders rights and entitlement which are preferential to those of ordinary shareholders. Pursuant to the Corporations Act these preferential rights may be granted in connection with:

- the repayment of capital;
- participation in surplus assets and profits of the Company;
- cumulative and non-cumulative dividends;
- voting rights; or
- priority of payment of capital and dividends in relation to other shares or classes or preference shares.

The Corporations Act provides that, if such a power is set out in the constitution or is otherwise approved by special resolution, the Company may issue shares with preferential entitlements in accordance with the terms of the constitution or the applicable special resolution.

By including a broad power within the Company's constitution the Board would be able to avoid the requirement that an issue of preference shares be approved at a general meeting of Members by special resolution. Although the Board has no present intention to issue any preference shares, this provision would assist the Board in developing a more diverse equity structure, if required, to meet the ongoing capital requirements of the Company into the future.

Certificates for Securities

Rules 4.1 and 4.3 of the Current Constitution would be updated by rules 10 and 11 of the New Constitution. Rules 10 and 11 are intended to reflect developments in the procedure for affecting transfers of listed securities in the period since the adoption of the Current Constitution. Relevantly, rules 10 and 11 reflect the fact that dealings in listed securities are now ordinarily affected via an Uncertificated Transfer System (for example, CHESS).

Rule 10 provides that in circumstances where dealings in the Company's securities are affected by uncertificated transfer, the Company will not be required to issue a certificate in respect of those securities.

Power to Alter Share Capital

Rule 28 of the New Constitution would permit the Company to reduce, or alter, its share capital in any manner authorised by the Corporations Act and take any steps required to give effect to a shareholder resolution authorising a reduction, or alteration, of the Company's share capital.

It is intended that rule 28 would give the Company an improved ability to effectively manage its equity structure in a manner that is consistent with the strategic objectives of the Company and the maximisation of shareholder value.

Forfeiture and Lien on Shares

The New Constitution updates rules 6.8-6.10 of the Current Constitution, which relate to the power of the Company to forfeit a share in circumstances where the holder of that share fails to pay any amount due (for example, a call made on a partly paid share).

The New Constitution would remove provisions within the Current Constitution that create a lien in favour of the Company over unpaid, or partly-paid, shares given the Corporations Act prohibition on a Company taking security over shares in itself.

Direct Voting

The ASX Corporate Governance Council, as reflected in the recently published third edition of its Corporate Governance Principles and Recommendations, encourages listed companies to consider ways to facilitate shareholder participation in general meetings.

The introduction of direct voting procedures is a mechanism by which the Board proposes to encourage shareholder participation in general meetings. Direct voting, if introduced, would provide shareholders the ability to vote on resolutions which are ultimately put to a poll at a general meeting without the need to attend the meeting or to appoint a proxy, by submitting a direct vote electronically before the meeting.

Rather than implementing a mandatory direct voting procedure, it is proposed that rules 36(e), 43 and 45 of the New Constitution give the Board the discretion to implement a system of direct voting for general meetings in future, as it considers appropriate.

Retirement of Directors

Rule 16.1 of the Current Constitution provides that Directors (other than the Managing Director) must retire from office at the conclusion of the third annual general meeting following their last election or re-election, and that a minimum of one-third of the Directors (other than the Managing Director) must retire from office at each annual general meeting. Despite being common amongst the constitutions of listed companies, the latter "one third" requirement is not prescribed by law or the ASX Listing Rules and, therefore, has not been included in the New Constitution. This approach is consistent with that taken by other listed companies in recent years.

In accordance with the ASX Listing Rules, under the New Constitution an election of a Director must still be held each year, and a Director of the Company must not hold office (without re-election) past the third annual general meeting following that Director's appointment or 3 years, whichever is longer.

Appointment and Removal of Directors

It is proposed that the existing procedure for nominating Directors for election be updated by rule 47(b) of the New Constitution.

Pursuant to the ASX Listing Rules the Company is required to accept nominations for the election of a Director up to 35 Business Days before the date of a general meeting at which that Director may be elected, unless the constitution requires otherwise. Further, the Corporations Act requires the Company to provide at least 28 days' notice of a general meeting to member.

Noting that the ASX Corporate Governance Principles and Recommendations suggest, but do not require, that a notice of general meeting includes sufficient information about a Director nominated for election to allow shareholders to make an informed decision on the Director's election, the Board proposes that a deadline of 35 Business Days prior to the date of the meeting be set (or, in the case of a meeting requisitioned by members, 30 Business Days) to ensure that the Company has sufficient time to provide adequate information within the notice of general meeting with respect to each nominee.

Meetings of the Board by Technology

Rule 18.2 of the Current Constitution requires that that consent of each Director is required for a meeting of Directors to be conducted via the use of technology. To provide maximum flexibility in circumstances where a number of the Company's Directors are foreign residents, rule 57 of the New Constitution would permit meetings of Directors to be held using electronic means, including video, telephone or any other technology that enables the Directors to communicate with other another, except in circumstances where the consent of a Director is withdrawn. In effect, the New Constitution would deem the consent of a Director to the use of technology for the conduct of a meeting, in the absence of a clear revocation.

Material Personal Interests of Directors

It is proposed that the provisions of the Current Constitution relating to voting exclusions for Directors with a material personal interest, be updated to more accurately reflect the scope of restrictions imposed by the Corporations Act.

Broadly, the Corporations Act prohibits a Director of the Company who has a 'material personal interest' in a matter being considered at a meeting of Directors from being present while the matter is considered at the meeting or voting on the matter. Although rule 13.7(b) of the Current Constitution does prohibit a Director who holds a 'material personal interest' in any 'contract or arrangement' from voting at a meeting of Directors if to do so would be contrary to law, the Corporations Act exclusions operate more broadly to all circumstances (whether by contract, arrangement or otherwise) in which a Director of the Company has a material personal interest.

Secretaries and Other Officers

It is proposed that rule 64 and 65 of the New Constitution be introduced in order to formally recognise the power of the Board to appoint a Secretary and other officers of the Company. Although the Company has previously appointed a Secretary as an extension of its general governance powers, the proposed provisions would formalise this power in a manner consistent with current market practice.

Power to Declare or Determine Dividends and Pay Interest

It is proposed that existing rule 23.5 of the Current Constitution be updated by rule 68 of the New Constitution. The revised dividend provisions are intended to reflect amendments to the Corporations Act enacted following the adoption of the Current Constitution describing the circumstances in which the Board may declare or determine a dividend. Relevantly the Corporations Act has moved away from the 'profits' test that previously applied, toward a 'solvency' test.

Therefore, in order to both reflect this change and avoid future inconsistency with provisions of the Corporations Act, rule 68 of the New Constitution would vest in the Board a broad power to declare or determine a dividend, subject to limitations imposed from time to time by the Corporations Act.

Sale of Small Holdings

In line with current market practice, which has shown a trend toward the introduction of more extensive small parcel provisions within the constitutions of listed companies, it is proposed that rule 23.9(c) of the Current Constitution be updated by rule 77 of the New Constitution.

Provisions relating to the sale of small parcels (shareholdings which are less than a 'marketable parcel') within the New Constitution would align the Company's governance practices with the limitations and restrictions imposed by the ASX Listing Rules.

Indemnity of Officers, Insurance and Access

The provision within the Current Constitution (relevantly, rule 23.1) relating to the granting of indemnities in favour of Directors, Secretaries and executive officers of the Company against liability incurred in or arising out of the conduct of the business of the Company or a wholly-owned subsidiary would be updated by rule 76 of the New Constitution. The revised provisions would extend the Company's ability to grant such an indemnity, at its discretion, to officers of wholly-owned subsidiaries of the Company.

Further, both for the purposes of clarity and certainty, a finite definition of 'liability' would be applied by rule 76 of the New Constitution in place of the existing inclusive definition contained with rule 26.9 of the Current Constitution.

Proportional Takeover

The Corporations Act requires that proportional takeover bid approval rules will apply for a maximum period of three years, unless renewed. As rule 27 of the Current Constitution was last renewed at the 2011 annual general meeting on 23 November 2011, it will cease to apply on 23 November 2014 (immediately prior to the Meeting).

Proposed rule 80 of the New Constitution is a proportional takeover bid approval rule which would replace existing rule 27. However, given that the resolution proposed in item 10 (and its related explanatory statement) deals separately with the adoption of the new proportional takeover rule, the resolution in this item 9 excludes the adoption of the proposed new rule 80.

Directors' Recommendation

The Directors recommend that Members vote in favour of Resolution 9 to adopt the new Constitution.

Item 10 – Insertion of Proportional Takeover Provisions

Background

As mentioned in the explanatory statement for resolution at item 9 above, rule 27 of the Current Constitution deals with proportional takeover bids. A proportional takeover bid would involve a bidder conducting an off-market takeover bid for a specified proportion of the shares in the Company held by each shareholder.

Rule 27 of the Current Constitution and proposed rule 80 of the New Constitution each provide that the Company may prohibit the registration of a transfer of shares resulting from a proportional takeover bid unless the Company's shareholders have approved the bid at a general meeting. At the general meeting convened to consider the proportional takeover bid, neither the bidder under the takeover bid (**Bidder**) nor any associate of the Bidder is entitled to vote on the resolution.

The Corporations Act requires that proportional takeover bid approval rules apply for a maximum period of three years unless renewed. As rule 27 of the Current Constitution was last renewed at the 2011 annual general meeting on 23 November 2011 the provisions will cease to apply on 23 November 2014 (at which point the provision are taken to have been omitted from the Current Constitution).

Accordingly, a special resolution is being put to shareholders under section 648G of the Corporations Act that:

- if the resolution in item 9 is passed, the New Constitution be altered by inserting proposed rule 80 of the New Constitution; or
- if the resolution in item 9 is not passed, the Current Constitution be altered by re-inserting rule 27 of the Current Constitution in the form it took prior to it ceasing to apply,

(each a **Proportional Takeover Rule**).

Effect of Proportional Takeover Rules

The Corporations Act provides that, if a proportional takeover bid is made and the Company's constitution includes a Proportional Takeover Rule, the Directors are required to convene a meeting of shareholders to vote on an ordinary resolution to approve the bid by the 14th day before the end of the bid period (**Approving Resolution Deadline**).

If no resolution to approve the bid has been voted on in accordance with a Proportional Takeover Rule as at the Approving Resolution Deadline, a resolution approving the bid will be deemed by the Corporations Act to have been passed, thereby allowing the bid to proceed.

Where the resolution to approve the bid is rejected, binding acceptances under the offer must be rescinded, and all unaccepted offers and offers failing to result in binding contracts are taken to be withdrawn. Alternatively, if the proportional takeover bid is approved, the transfer of shares resulting from acceptance of an offer under that bid will be permitted, and the transfers registered in accordance with the procedure prescribed by the Corporations Act and the Company's Constitution.

A Proportional Takeover Rule would not apply to an offer to acquire full takeover offers.

Reasons for Proposing the Resolution

The Board considers that shareholders should continue to have the opportunity to vote on a proposed proportional takeover bid. In the absence of a Proportional Takeover Rule, a proportional takeover bid for the Company may enable control of the Company to be acquired by a person holding less than a majority interest and without shareholders having the opportunity to dispose of all their shares.

As a result, shareholders would risk becoming part of a minority interest in the Company or suffering loss if the takeover bid causes a decrease in the market price of the securities or makes the Company's securities less attractive and, accordingly, more difficult to sell. If a Proportional Takeover Rule is adopted, the Board considers that this risk will be minimised by enabling shareholder to decide whether a proportional takeover bid should be permitted to proceed.

Present Acquisition Proposals

As at the date of this notice, no Director is aware of any proposal by a person to acquire, or to increase the extent of, a substantial interest in the Company.

Review of Proportional Takeover Approval Provisions

The Corporations Act requires this explanatory statement to discuss, retrospectively, the advantages and disadvantages, for directors and members, of the proportional takeover provisions that is proposed to be renewed or adopted (in accordance with items 10(a) and (b), as applicable).

While the existing proportional takeover approval provisions contained in rule 27 of the Current Constitution have been in effect, there have been no takeover bids for the Company (either proportional or otherwise). As such, there are no actual examples against which to review and assess the advantages or disadvantages of the existing proportional takeover provision for the directors and members of the Company.

The Directors are not aware of any potential takeover bid which has been discouraged by existing rule 27.

Potential Advantages and Disadvantages

In addition to a retrospective discussion of the provisions proposed to be renewed, the Corporations Act also requires this explanatory statement to discuss the potential future advantages and disadvantages of the proposed rule for both Directors and members.

The Directors consider that there are no such advantages or disadvantages for them as they remain free to make a recommendation on whether a proportional takeover bid should be accepted.

The adoption of a Proportional Takeover Rule will ensure that all shareholders have the opportunity to consider and vote (whether at the general meeting, by proxy or otherwise) on whether a proportional takeover bid should be approved. The Board believes that this will encourage any proportional takeover bid to be structured so as to be attractive to at least a majority of shareholders. It may also discourage the making of a proportional takeover bid that might be considered opportunistic, and allows shareholders to

prevent a proportional takeover bid to proceed if they believe that control of the Company should not be permitted to pass to the Bidder.

On the other hand, it may be argued that the additional procedural steps imposed by a Proportional Takeover Rule reduce the possibility of a successful proportional takeover bid and that, as a result, proportional takeover bids for the Company will be discouraged. This in turn may reduce the opportunity of shareholders to sell some of their shares at an attractive price to persons seeking control of the Company, and may reduce any 'takeover speculation' element in the Company's share price on the ASX.

It may also be said that a Proportional Takeover Provision constitutes an additional restriction on the ability of individual shareholders to deal freely with their shares.

Directors' Recommendation

The Directors recommend that Members vote in favour of the Resolution 10 to approve the insertion of proportional takeover provisions.

4 Glossary

In this Explanatory Statement, and in the Notice, the following terms have the following meaning unless the context otherwise requires:

Annual General Meeting or **Meeting** means the annual general meeting of the Members convened pursuant to the Notice for the purposes of considering the resolutions set out in the Notice.

Annual Report means the annual financial report of the Company for the year ended 30 June 2014.

ASX means the Australian Securities Exchange.

ASX Listing Rules means the official listing rules of the ASX.

Auditor means the auditor appointed by the Company.

Board means board of directors of the Company.

Company means Alchemia Limited.

Constitution means the constitution of the Company.

Corporations Act means Corporations Act 2001 (Cth).

Director means a director of the Company.

ESOP means the Company's Employee Share Option Plan.

Expiry Date means the expiry date of an Option issued under the ESOP, being the last day on which an Option may be exercised and after which an unexercised Option will automatically lapse.

Explanatory Statement means this explanatory statement, containing information in regard to the matters set out in the Notice in respect of which Member approval is sought.

Member means holder of Shares.

Notice means the notice in Part 1 pursuant to which the Annual General Meeting is convened.

Option means an option to subscribe for a Share.

Remuneration Report means the section of the Directors' report contained in the annual financial report of the Company for the year ended 30 June 2014 entitled "Remuneration Report".

Rules means the rules of the ESOP.

Share means a fully paid ordinary share in the Company.

Share Plan means the Company's Executive & Employee Share Plan.

In addition, certain other defined terms are defined in other places throughout the Explanatory Statement.



Alchemia

**Alchemia Limited
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Rhodes NSW 2138



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X99999999999

HOW TO COMPLETE THIS 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 a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the Meeting.

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" should 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.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am (Melbourne time) on Saturday, 8 November 2014**, 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) as shown on the front of the Proxy Form).

**If you would like to attend and vote at the Annual 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



PROXY FORM

I/we being a member(s) of Alchemia Limited and entitled to attend and vote hereby appoint:

STEP 1

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 (excluding the registered shareholder) you are appointing as your proxy.

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 vote on my/our behalf (including in accordance with the directions set out below or, if no directions have been given, to vote as the proxy sees fit, to the extent permitted by the law) at the Annual General Meeting of the Company to be held at **10:00am (Melbourne time) on Monday, 10 November 2014 at The Westin, 205 Collins Street, Melbourne VIC 3000** (the Meeting) and at any postponement or adjournment of the Meeting.

The Chair is authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 3, 4(a), 4(b), 4(c), 4(d), 4(e), 5, 6, 7 and 8 as the Chair decides (except where I/we have indicated a different voting intention below) even though those Items are connected directly or indirectly with the remuneration of a member of key management personnel for the Alchemia consolidated group, which includes the Chairman. I/we note that the Chairman of the Meeting intends to vote undirected proxies in favour of those Items, and all other items of business.

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

STEP 2

VOTING DIRECTIONS

Items

ORDINARY BUSINESS

	For	Against	Abstain*		For	Against	Abstain*
2a Election of Santo Costa	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Amendment of the ESOP Rules	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2b Re-election of Nathan Drona	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Approval of proposed issue of Options and Shares to Thomas Liguard	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2c Re-election of Tim Hughes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7 Amendment of Existing Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8 Increase in the Non-Executive Directors Fee Pool	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SPECIAL BUSINESS

4a Approval of Proposed Issue of Options to Santo Costa	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10a Insertion of Proportional Takeover Approval Provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4b Approval of Proposed Issue of Options to Tracie Ramsdale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10b Insertion of Proportional Takeover Approval Provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4c Approval of Proposed Issue of Options to Nathan Drona	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
4d Approval of Proposed Issue of Options to Susan Kelley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
4e Approval of Proposed Issue of Options to Tim Hughes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

i * 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.

STEP 3

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).

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