

Alcidion Group Limited

2016 Annual General Meeting

Tuesday 29 November 2016 at 11:30am
(Perth time)

Pinnacles Room
Parmelia Hilton Perth
14 Mill Street
Perth WA



Alcidion Group Limited
ACN 143 142 410

Alcidion Notice of Meeting 2016

Notice is hereby given that the Alcidion Group Limited ('Alcidion' or 'Company') Annual General Meeting of Shareholders will be held on Tuesday, 29 November 2016 at 11.30 am (Perth time) in the:

**Pinnacles Room
Parmelia Hilton Perth
14 Mill Street
Perth, Western Australia**

Attached to and forming part of this Notice of Meeting are the Explanatory Notes that provide Shareholders with background information and further details in understanding the reasons for and the effect of the Resolutions if approved.

This information is presented in accordance with the regulatory requirements of the Corporations Act 2001 (Cth) ('Corporations Act').

If you are unable to attend the meeting, you are requested to complete the form of proxy enclosed with this notice. The entitlement for Shareholders to vote at the meeting will be determined by reference to those persons on the register of members as at 7.00 p.m. Sydney time on Sunday, 27 November 2016. The proxy form and the power of attorney or

other authority (if any) under which it is signed (or a certified copy) must be sent to the Company using these details:

By Email

duncan.craig@alcidion.com

By Phone

+61 (0) 8 8271 2644

By Mail

GPO Box 642, Adelaide, South Australia, 5001

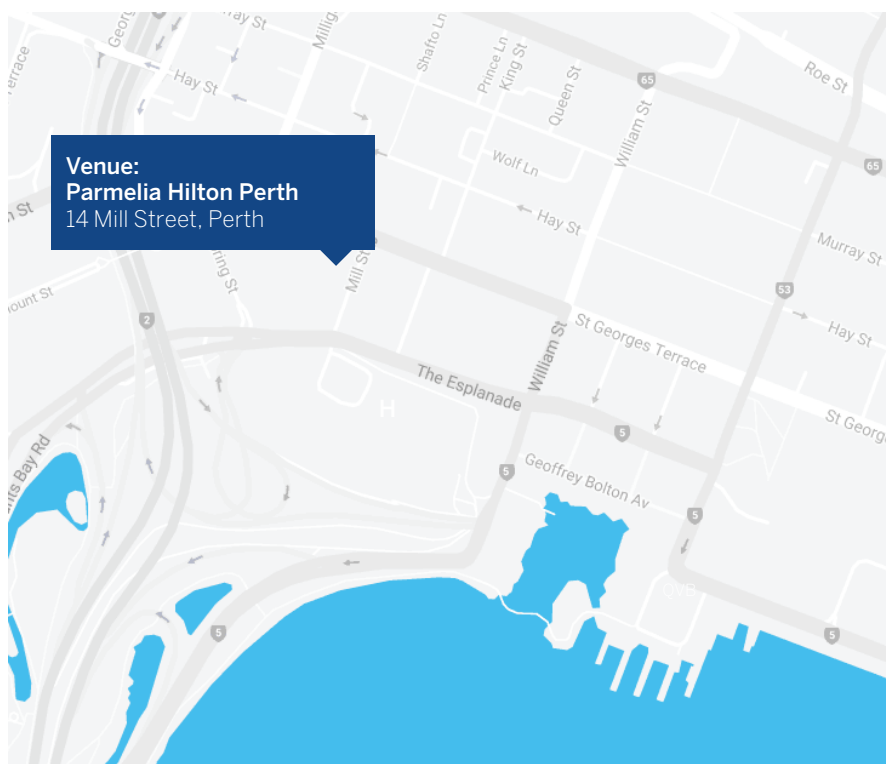
In Person

Level 2, 40 Greenhill Road, Wayville, SA, 5034

so that they are received at least 48 hours before the time for holding the meeting (being no later than 11.30 a.m. Perth time on Sunday, 27 November 2016).

A number of defined terms are used in the Notice of Meeting. These terms are contained in the Glossary in section 6 of the Explanatory Notes.

How to get to the AGM



Public Transport

Elizabeth Quay Train Station is the nearest station to the Parmelia Hilton.

Parking

The hotel offers 24 hour valet parking service. It is secure, under cover parking and cost \$55 for 24 hours. Valet parking is limited.

Self parking is available nearby at the Perth Convention Exhibition Centre, hourly rates apply.

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Ordinary Business

1. Discussion of Financial Statements

To receive and consider the annual financial report, the directors' report and the auditor's report for the year ended 30 June 2016.

Note: there is no vote on this item.

2. Adoption of Remuneration Report

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

'That the Remuneration Report, as set out in the Annual Report for the Company and its controlled entities for the financial year ended 30 June 2016, be adopted'.

Note: the vote on this resolution is advisory only and does not bind the Directors or the Company.

Voting exclusion statement

There are restrictions on who can vote in respect of any resolution to approve the Remuneration Report. A vote on this resolution must not be cast, and the Company will disregard any votes cast (in any capacity), by or on behalf of the following persons:

- (a) a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, these restrictions will not apply to a vote cast as proxy for a person entitled to vote if:

- it is cast in accordance with a direction on the proxy form specifying how the proxy is to vote on the resolution; or
- it is cast by the person chairing the meeting and the appointment expressly authorised the chair to exercise the proxy even if the proposed resolution is connected directly or indirectly with the remuneration of the Key Management Personnel of the Company.

3. Election of Director - Mr Brian Leedman

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

'That Mr Brian Leedman, who was appointed as an addition to the Board since the last Annual General Meeting of the Company and who retires in accordance with ASX Listing Rule 14.4 and Article 6.3(i) of the Company's Constitution, be elected as a Director of the Company'.

Note:

In accordance with Article 6.3(c) of the Company's Constitution, Mr Josh Russell Puckridge will also be retiring at the conclusion of the Meeting and will not be offering himself for re-election as a Director of the Company.

Special Business

4. Approval of Issue of Options to Mr Brian Leedman

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

'That, for the purposes of Chapter 2E of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the grant of:

- (a) 5,000,000 Tranche 1 Options to acquire fully paid Shares in the Company at an exercise price of \$0.045;
- (b) 5,000,000 Tranche 2 Options to acquire fully paid Shares in the Company at an exercise price of \$0.06; and
- (c) 5,000,000 Tranche 3 Options to acquire fully paid Shares in the Company at an exercise price of \$0.08,

to Mr Brian Leedman, a Director of the Company, on the terms and conditions set out in the Explanatory Notes accompanying this notice of meeting'.

Voting exclusion statement

In accordance with Section 224 of the Corporations Act and ASX Listing Rule 14.11, the Company will disregard any votes cast on Resolution 3 by Mr Brian Leedman or any of his associates.

However, the Company need not

disregard a vote on Resolution 3 if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote (being a person other than Mr Brian Leedman or any of his associates), in accordance with the directions on the proxy form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote (being a person other than Mr Brian Leedman or any of his associates), in accordance with a direction on the proxy form to vote as the Chairman decides.

In accordance with section 250BD of the Corporations Act, a vote on Resolution 3 must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

A vote may be cast by such person (that is not otherwise excluded from voting) as proxy if:

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

5. Appointment of Auditor

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

'That, subject to the Australian Securities and Investments Commission consenting to the Company's current auditor resigning, William Buck of Level 6, 211 Victoria Square, Adelaide SA 5000 be appointed as the Company's auditor with effect from the close of this Annual General Meeting and the Directors be authorised to set the auditor's remuneration'.

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Other Business

To transact any other business that may be brought forward in accordance with the Company's Constitution.

The Explanatory Notes attached to this Notice form part of this Notice. A detailed explanation of the background and reasons for the proposed resolutions are set out in the Explanatory Notes.

By order of the Board.



Duncan Craig
Chief Financial Officer
18 October 2016

Proxies and Voting

Determination of Shareholders' Right to Vote

For the purposes of this meeting, Shares will be taken to be held by persons who are registered as Shareholders as at 7.00 p.m. Sydney time on Sunday, 27 November 2016. Accordingly, transactions registered after that time will be disregarded in determining Shareholders entitled to attend and vote at the meeting.

Voting in Person

If you are proposing to attend the Meeting and vote, there is no need for you to take any further action at this time.

Voting by Corporate Representative

Body corporate Shareholders should complete an "Appointment of Corporate Representative" form to enable a person to attend the meeting on their behalf. This form can be obtained from Computershare's website at <https://www-au.computershare.com/Investor/help/printableforms>.

Appointment of a proxy

A Shareholder entitled to vote at the Meeting may appoint not more than two proxies to attend and vote at the Meeting on that Shareholder's behalf. A proxy need not be a Shareholder of the Company.

A Shareholder who is entitled to cast two or more votes may appoint not more than two proxies to attend and vote at the Meeting. If you appoint two proxies, you may specify the proportion of votes each proxy is appointed to exercise. If no such proportion is specified, each proxy can exercise half of the Shareholder's voting rights.

If the appointment of a proxy directs the proxy to vote on an item of business in a particular way, the proxy may only vote on that item as directed. However, unless the proxy is required by law to vote, the proxy may decide not to vote on that item. All directed proxies that are not voted on a poll at the Meeting will automatically default to the Chairman,

who is required to vote the proxies as directed. Any undirected proxies on a given resolution may be voted on by the appointed proxy as they choose, subject to voting exclusions as described previously.

In the case of Shares jointly held by two or more persons, any joint holder may appoint a proxy but if more than one is present at the meeting (either in person or by proxy or attorney or representative) the joint holder whose name appears first in the Company's share register shall alone be entitled to vote in respect of those shares.

Lodging a proxy form

To be effective, the completed Proxy Form, together with any relevant power of attorney, must be received by the Company not less than 48 hours before the time for holding the meeting, which is 11.30 a.m. Perth time on Sunday 27 November 2016.

The Proxy Form can be returned in the following ways:

By email duncan.craig@alcidion.com

By phone +61 (0) 8 8271 2644

By mail GPO Box 642, Adelaide,
South Australia, 5001

In person Level 2, 40 Greenhill Road,
Wayville, SA, 5034

A Proxy Form accompanies this Notice of Annual General Meeting.

Notice of Meeting - Explanatory Notes

These are the Explanatory Notes accompanying the Notice of Annual General Meeting for Alcidion Group Limited ACN 143 142 410 ('Alcidion' or 'Company') to be held on Tuesday, 29 November 2016 at 11.30 a.m., Perth time at the Parmelia Hilton Perth, 14 Mill Street, Perth, Western Australia, 6000.

Information relevant to the business to be considered at the Annual General Meeting is provided in these Explanatory Notes and Shareholders should read this document in full.

1. Annual Report

The Annual Report for consideration at the AGM will consist of the financial statements of the Company for the financial year ended 30 June 2016, the notes to those financial statements, the Directors' Report, the Directors' declaration and the auditor's report including their Independence Statement.

The annual report is available at the ASX's website at www.asx.com.au using ASX ticker code 'ALC'.

Neither the Corporations Act 2001 (Cth) ('Corporations Act') nor the Company's constitution requires the Shareholders to vote on the financial statements or the accompanying reports. However, Shareholders will be given the opportunity to raise questions or comments on the financial statements at the Meeting. In addition, Shareholders will be given the opportunity to ask the Company's auditor, Stantons International, questions relevant to the conduct of the audit, the independence of the auditor, the Company's accounting policies and the preparation and content of the auditor's report.

2. Resolution 1: Adoption of Remuneration Report

2.1 Background

The Remuneration Report contained in

the 2016 Annual Report is required to be considered by Shareholders in accordance with section 250R of the Corporations Act. The Remuneration Report, which details the Company's policy on remuneration of non-executive directors, executive directors and key executives is set out on Pages 28 to 34 of the Annual Report.

The vote on the adoption of the Remuneration Report is advisory only and is not binding. However, the Board will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies and practices.

Further, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, Shareholders will be required to vote at the second AGM on a 'Board spill resolution' to determine whether another meeting should be held within 90 days at which all of the Company's Directors (other than the Chief Executive Officer) must stand for re-election.

At the Company's previous Annual General Meeting, the votes cast against the remuneration report considered at that meeting were less than 25%. Accordingly, the 'Board spill resolution' is not relevant for this Meeting.

2.2 Directors' Recommendation

The Board recommends that Shareholders vote in favour of the Remuneration Report. The Chairman of the Meeting will be casting undirected proxies in favour of this Resolution.

3. Resolution 2: Election of Mr Brian Leedman as a Director

3.1 Background

In accordance with Article 6.3(i) of the Company's Constitution and ASX Listing Rule 14.4, Mr Brian Leedman will retire at the Annual General Meeting

and, being eligible, will offer himself for election.

Mr Leedman was appointed a Director on 28 July 2016.

Mr Leedman is the co-founder of Resapp Health (ASX:RAP) where he currently serves in the role of Executive Director and Vice President, Corporate Affairs. Mr Leedman is a marketing and investor relations professional with over 10 years' experience in the biotechnology / healthcare industry. Prior to Resapp Health, Mr Leedman co-founded Enigma Therapeutics which listed on the ASX in 2013 as Oncosil Medical Limited.

Mr Leedman has previously served for 10 years as Vice President, Investor Relations for pSivida Corp. which is listed on the ASX and NASDAQ. He is currently the Western Australian co-chair of Ausbiotech, the association of biotechnology companies in Australia.

3.2 Directors' Recommendation

The Directors (other than Mr Leedman, who makes no recommendation) unanimously recommend that Shareholders approve Resolution 2 for the election of Mr Leedman as a Director of the Company. The Chairman of the Meeting will be casting undirected proxies in favour of this Resolution.

4. Resolution 3: Approval of Issue of Options to Mr Brian Leedman

4.1 Background

Mr Brian Leedman was appointed a Director on 28 July 2016.

In accordance with the terms of Mr Leedman's sign-on package and letter of appointment, the Company agreed, subject to obtaining Shareholder approval under Resolution 3, to issue a total of 15,000,000 options to Mr Brian Leedman on the terms and conditions

Notice of Meeting - Explanatory Notes

set out in Annexure A to these Explanatory Notes, comprising:

- (a) 5,000,000 Tranche 1 Options to acquire fully paid Shares in the Company at an exercise price of \$0.045;
- (b) 5,000,000 Tranche 2 Options to acquire fully paid Shares in the Company at an exercise price of \$0.06; and
- (c) 5,000,000 Tranche 3 Options to acquire fully paid Shares in the Company at an exercise price of \$0.08.

Since the date of Mr Leedman’s appointment and up to the ASIC Lodgement Date, the Company’s Share price has increased from \$0.045 cents per Share to \$0.068 cents per Share, with the effect that the Company’s Share price exceeds the exercise price for the Tranche 1 Options and the Tranche 2 Options as at the ASIC Lodgement Date. Notwithstanding this Share price increase, the Company is seeking Shareholder approval for the grant of the Options referred to above, as it is required to do under the terms of Mr Leedman’s letter of appointment.

The Directors consider that the appointment of Mr Leedman as a Director has been partly responsible for

the increase in the Company’s Share price since 28 July 2016, due to the skills and relationships that Mr Leedman has brought to the Company. Having carefully considered the matter, the Directors remain of the view that the proposed grant of Options to Mr Leedman is reasonable in the circumstances, notwithstanding the increase in the Company’s Share price since the date of Mr Leedman’s appointment.

Despite this, in the interests of transparency and good governance, the Directors have determined that it would not be appropriate in the circumstances to rely on the ‘reasonable remuneration’ exemption in section 211 of the Corporations Act. Accordingly, the Directors will be seeking Shareholder approval of the grant of the Options in accordance with Chapter 2E of the Corporations Act.

4.2 Proposed Shareholder approval

Shareholder approval is sought for the issue of a total of 15,000,000 Options to Mr Brian Leedman.

Mr Leedman is a related party for the purpose of Chapter 2E of the Corporations Act.

The issue of Options to Mr Leedman will constitute the giving of a financial benefit to a related party under section 229(3)(e) of the Corporations Act and, consequently, approval under section 208 of the Corporations Act is sought.

Listing Rule 10.11 also requires the approval of Shareholders before equity securities (which include Options) can be issued to Mr Leedman.

If Resolution 3 is passed, approval for the issue of the Options will not be required under ASX Listing Rule 7.1.

4.3 Information required by Listing Rule 10.13 and section 219 of the Corporations Act

For the purposes of Listing Rule 10.13 and section 219 of the Corporations Act, information regarding the Options is provided as follows:

Person to whom Options will be issued

The person to whom Options are proposed to be issued is Brian Leedman.

Terms and Conditions of the Options

A summary of the terms and conditions of the Options is set out below:

Table 1

Type of Option	Option Exercise Commencement Date	Option Exercise Expiry Date	Exercise Price	Number of Options
Tranche 1 Options	On the later of: 1. the date of grant of the Options; and 2. the date that the Company releases its Appendix 4E (full year statutory results) for the financial year ending 30 June 2016.	30 June 2020	\$0.045	5,000,000
Tranche 2 Options	The date that the Company releases its Appendix 4E (full year statutory results) for the financial year ending 30 June 2017	30 June 2020	\$0.06	5,000,000
Tranche 3 Options	The date that the Company releases its Appendix 4E (full year statutory results) for the financial year ending 30 June 2018	30 June 2020	\$0.08	5,000,000

Notice of Meeting - Explanatory Notes

The terms and conditions of the Options are set out in more detail in Annexure A to these Explanatory Notes.

Maximum number of Options to be issued

15,000,000 Options are to be issued to Mr Leedman.

Consideration paid for the Options

The Options would be granted for nil consideration and, as such, no funds will be raised by the issue of the Options.

A total of \$925,000 would be raised if all of the Options were exercised in full.

Date of issue of Options

If Resolution 3 is passed, the Company will issue the Options no later than one month after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).

Reason for issuing Options

The Board of the Company decided to

issue Options to Mr Leedman, subject to obtaining Shareholder approval, on the basis that issuing Options is more cost effective for the Company as opposed to the payment of cash compensation. Issuing Options, rather than paying Mr Leedman cash, also aligns Mr Leedman's interests with the interests of the Company's shareholders.

The number and value of Options to be granted was determined at the time of Mr Leedman's appointment as a Director by reference to the Company's Share price at that time and the Board's opinion at that time of what would constitute a reasonable incentive for Mr Leedman to become a Director.

Mr Leedman's remuneration

Mr Leedman's is paid \$3,500 per month as a director's fee (inclusive of GST).

Mr Leedman's current shareholding

As at the ASIC Lodgement Date, Mr Leedman's shareholding (held directly or

indirectly) is 2,021,664 Shares in the Company.

Valuation of the Options

Consistent with the accounting standards, and in particular AASB2 'Share Based Payments', the Company discloses the following information concerning the valuation in order for Shareholders to consider the Options to be issued to Mr Leedman under ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act.

BDO Corporate Finance (SA) Pty Ltd has performed a valuation as at 7 October 2016, which the Board has adopted, in relation to the indicative value of the Options proposed to be granted to Mr Leedman. This valuation attributes the values per Option tranche in Table 2.

Accordingly, the total valuation for the Options to be issued is \$684,000.

The key assumptions used in arriving at the valuation are detailed in Table 3.

Table 2

Type of Option	Value per Option	Number of Options	Total
Tranche 1 Options	\$0.0488	5,000,000	\$244,000
Tranche 2 Options	\$0.0457	5,000,000	\$228,500
Tranche 3 Options	\$0.0423	5,000,000	\$211,500

Table 3

Type of Option	Exercise Price	Volatility Factor	Share Price (as at 7 October 16)	Risk Free Interest Rate	Dividend yield
Tranche 1 Options	\$0.045	100%	\$0.067	1.63%	Nil
Tranche 2 Options	\$0.06	100%	\$0.067	1.63%	Nil
Tranche 3 Options	\$0.08	100%	\$0.067	1.63%	Nil

Notice of Meeting – Explanatory Notes

The Board believes, having taken appropriate advice on the matter, that this valuation model is appropriate in the circumstances. The Board has not used any other valuation or model in proposing the terms or number of the Options.

The Directors draw Shareholders' attention to the fact the stated valuation does not constitute and must not be taken as audited financial information. The reportable value of the employee benefit expense in subsequent financial periods may vary due to a range of timing and other factors.

Dilutionary effect

Table 4 demonstrates the dilution of all other Shareholders' holdings in the Company upon the vesting and exercise of all of Mr Leedman's Options issued under Resolution 3.

As at the ASIC Lodgement Date, Mr Leedman holds, directly or indirectly, 2,021,664 Shares. If all of the Options the subject of Resolution 3 vest and are exercised, he will hold 17,021,664 shares. Subject to no further Shares being issued between the ASIC Lodgement Date and the date that the last of his Options the subject of Resolution 3 are exercised, Mr Leedman's holding will represent approximately 2.76% of the issued capital of the Company.

The table above does not include the 145,161,290 Class A Contingent Share Rights and the 148,387,096 Class B Contingent Share Rights issued by the Company as part of the reverse takeover transaction completed in February 2016. If some or all of those

Class A Contingent Share Rights and Class B Contingent Share Rights were converted to Shares in the Company, the dilutionary effect of the Options will be lower than specified above and Mr Leedman's holding will represent smaller percentage of the issued capital of the Company than is specified above.

Cost to the Company of granting Options

The Directors do not consider that there are any significant opportunity costs to the Company in issuing the Options on the terms and conditions set out in Annexure A to these Explanatory Notes.

The market price of the Company's Shares would normally determine whether the Options will be exercised or not. If the Options are exercised at a price that is lower than the price at which the Company's Shares are trading on ASX, there may be a perceived cost to the Company.

Other information

Under the accounting standard AASB 2 'Share Based Payments', the Company would recognise the fair value of options granted to Mr Leedman as an expense of the Company in its income statement with a corresponding adjustment to equity. This valuation is not and should not be taken to be audited financial information.

In the period since last year's annual general meeting, the Company's Shares traded on the ASX in a range from \$0.035 to \$0.086. As at the close of trading on 13 October 2016 (being the last trading day before the ASIC

Lodgement Date), the Company's Shares were quoted at \$0.068.

4.4 Directors' Recommendation

Mr Leedman has an interest in Resolution 3 and therefore does not make a recommendation.

The other Directors do not have an interest in Resolution 3, except for any interest they have as Shareholders.

The Directors (other than Mr Leedman) unanimously recommend that you vote in favour of Resolution 3. In making that recommendation, the Directors (other than Mr Leedman) have considered the following factors:

(a) As at the ASIC Lodgement Date, the Tranche 1 Options and the Tranche 2 Options are in the money. However, those Options were not in the money as at the date when Mr Leedman was appointed on 28 July 2016, which is the time at which the terms of the options were agreed with Mr Leedman, subject to subsequent Shareholder approval.

(b) The Directors consider that the appointment of Mr Leedman as a Director has been partly responsible for the increase in the Company's Share price since 28 July 2016, due to the skills and relationships that Mr Leedman has brought to the Company.

(c) The Tranche 1 Options will become exercisable on issue and, as at the ASIC Lodgement Date, are in the money. As such, they do not provide a long term incentive to Mr Leedman. However, the Tranche 1 Options have provided an incentive for Mr Leedman to join the Board of the Company and also in his performance to date.

Table 4

Shares on issue at the ASIC Lodgement Date	602,779,957
Shares issued assuming vesting and exercise of all Options under Resolution 3	15,000,000
Total Shares on issue assuming vesting and exercise of all options under Resolution 3	617,779,957
Dilutionary effect (approximately)	2.43%

Notice of Meeting – Explanatory Notes

(d) The Tranche 2 Options are not exercisable until the release of the Company's Appendix 4E for the year ending 30 June 2017. As such, the Tranche 2 Options continue to provide an incentive for Mr Leedman to contribute to the Company's performance.

(e) If the Shareholders do not approve Resolution 3, the Company will need to renegotiate Mr Leedman's remuneration package. This may lead to Mr Leedman being paid a higher cash fee for his services or, if a revised remuneration package cannot be agreed, Mr Leedman ceasing to act as a Director of the Company.

The Chairman of the Meeting will be casting undirected proxies in favour of Resolution 3.

5. Resolution 4: Appointment of Auditor

5.1 Resignation of Stantons International

Stantons International has been the auditor of the Company since the 2011 financial year. The Board has been satisfied with the services of Stantons International as the Company's auditor and thanks Stantons International for the services they have provided as auditor of the Company.

While it was appropriate for Stantons International to be auditors while the Company had its offices located in Perth, now that the Company is located in Adelaide (and given that the change would be expected to generate savings for the Company), the Directors consider it appropriate that the Company change its auditor.

As a consequence, the Company has requested that Stantons International apply to ASIC under section 329(5) of the Corporations Act for consent to resign as auditor of the Company with effect from the end of the Meeting. If ASIC notifies Stantons International that ASIC consents to Stantons International's resignation, Stantons International will give its notice of resignation to the Company with effect

from the end of the Meeting.

5.2 Nomination of William Buck

William Buck of Level 6, 211 Victoria Square, Adelaide SA 5000 ('William Buck') was nominated by Duncan Robert Craig (in his capacity as a Shareholder of the Company) on 12 October 2016 as the new auditor of the Company. The notice of nomination of William Buck as auditor of the Company is included in Annexure B to this Notice.

William Buck has provided its consent to this appointment.

The Corporations Act requires that shareholders approve the appointment of a new auditor.

Consequently, subject to the Company receiving all necessary approvals from ASIC and approval from Shareholders at the Meeting, the appointment of William Buck as the Company's auditor will take effect at the close of this Meeting.

5.3 Directors' Recommendation

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

The Chairman of the Meeting will be casting undirected proxies in favour of Resolution 4.

6. Glossary

In these Explanatory Notes and Notice of Annual General Meeting the following expressions have the following meanings unless stated otherwise or unless the context otherwise requires (unless the contrary intention appears).

ASIC

the Australian Securities and Investment Commission

ASIC Lodgement Date

14 October 2016, being the date that the Notice and Explanatory Notes were lodged with ASIC as required under section 218 of the Corporations Act

Board

the board of Directors of the Company

Closely Related Party

"of a member of the Key Management Personnel for an entity means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or of the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity;
- (e) a company the member controls; or
- (f) a person prescribed as such by the Corporations Regulations 2001 (Cth);"

Company

Alcidion Group Limited (ACN 143 142 410)

Corporations Act

the Corporations Act 2001 (Cth)

Director

a Director of the Company

Key Management Personnel

has the same meaning as in the accounting standards as defined in section 9 of the Corporations Act (so the term broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director, whether executive or otherwise, of the Company)

Meeting

the meeting of shareholders convened by the Notice

Notice

the notice of meeting to which these Explanatory Notes are attached

Option

an option to acquire a Share

Remuneration Report

the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2016

Share

a fully paid ordinary share in the capital of the Company

Shareholder

a holder of Shares

Notice of Meeting – Annexure A

Terms of the Options proposed to be granted to Mr Brian Leedman

1. These terms apply to the Tranche 1 Options, the Tranche 2 Options and the Tranche 3 Options (together the 'Options').

2. Subject to rules 9 and 11 below, each Option entitles the holder to one ordinary share in the Alcidion Group Limited ('Company').

3. The exercise price for each Option is referred to in the table below.

4. Each Option vests and may be exercised at any time after the Option Exercise Commencement Date set out in the table below and on or prior to the Option Exercise Expiry Date set out in the table below ('Option Exercise Period').

5. Options are exercisable during the relevant Option Exercise Period by notice in writing to the Board of the Company and payment of the exercise price per Option to the Company in cleared funds.

6. The Company will not apply to the ASX Limited ('ASX') for official quotation of the Options.

7. Subject to the requirements of the ASX Listing Rules and the Corporations Act 2001 (Cth) ('Corporations Act'), the Company will make application for official quotation on the ASX of new shares allotted on exercise of the Options. Subject to the Company's constitution, those shares will participate equally in all respects with existing
- ordinary shares in the Company, and in particular new shares allotted on exercise of the Options will qualify for dividends declared after the date of their allotment.

8. An optionholder may only participate in new issues of securities to holders of ordinary shares in the Company if the Option has been exercised and shares allotted in respect of the Option before the record date for determining entitlements to the issue. The Company must give prior notice to the optionholder of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules.

9. If there is a bonus issue to the holders of ordinary shares in the capital of the Company, and no share has been issued in respect of the Option before the record date for determining entitlements to the bonus issue, the number of ordinary shares over which the Option is exercisable will be increased by the number of ordinary shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue, in accordance with the ASX Listing Rules.

10. If the Company makes a pro rata issue of Shares (except a bonus issue) to existing shareholders, and no share has been issued in respect of the Option
- before the record date for determining entitlements to the issue, the exercise price of each Option will be reduced in accordance with the ASX Listing Rules.

11. If, during the currency of the Options, the issued capital of the Company is reorganised, those options will be reorganised to the extent necessary to comply with ASX Listing Rules.

12. Any calculations or adjustments which are required to be made under rules 8 to 11 (both inclusive) will be made by the Board of the Company and will, in the absence of manifest error, be final and conclusive and binding on the Company and the optionholder.

13. Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies to the Options, such that any tax payable by an optionholder in respect of the Options will be deferred to the applicable deferred taxing point described in that subdivision. Neither the Company nor its directors, officers, employees, representatives or agents take any responsibility or assume any liability for the taxation liabilities of optionholders.

14. These terms and the rights and obligations of optionholders are governed by the laws of South Australia. Each participant irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of South Australia.

Type of Option	Option Exercise Commencement Date	Option Exercise Expiry Date	Exercise Price	Number of Options
Tranche 1 Options	On the later of: 1. the date of grant of the Options; and 2. the date that the Company releases its Appendix 4E (full year statutory results) for the financial year ending 30 June 2016.	30 June 2020	\$0.045	5,000,000
Tranche 2 Options	The date that the Company releases its Appendix 4E (full year statutory results) for the financial year ending 30 June 2017	30 June 2020	\$0.06	5,000,000
Tranche 3 Options	The date that the Company releases its Appendix 4E (full year statutory results) for the financial year ending 30 June 2018	30 June 2020	\$0.08	5,000,000

Notice of Meeting – Annexure B

Notice of nomination of William Buck

To: The Directors
 Alcidion Group Limited ('Company')
 Suite 9, 330 Churchill Avenue
 Subiaco, WA, 6008

12 October 2016

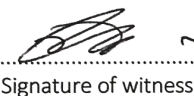
Duncan Robert Craig, being a member of the Company, hereby:

- (a) nominates William Buck of Level 6, 211 Victoria Square, Adelaide SA 5000 for appointment as auditor of the Company at the next annual general meeting of the Company; and
- (b) consents to the distribution of this notice pursuant to section 328B(3) of the *Corporations Act* 2001 (Cth).

DUNCAN ROBERT CRAIG

[Individual name]


.....
Signature


.....
Signature of witness

Tom Mok
.....
Name of witness

PROXY FORM

A

VOTE DIRECTLY

To cast your own votes directly complete Sections A, C and D .

I/We:

Of:

B

APPOINT A PROXY

To appoint a proxy and direct them how to vote on your behalf please complete Sections B, C and D
OR to appoint the Chairman of the meeting to act as your proxy and vote on all resolutions,
please tick the box in Section B and sign at Section D.

Name of proxy:

Address of proxy

OR

☐

appoint the **Chairman of the meeting (mark box)**

or, in his/her absence or if no person is named, the Chair of the Meeting as my/our proxy to act on my/our behalf and to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit, at the Annual General Meeting of Alcidion Group Limited to be held at the **Parmelia Hilton Perth, 14 Mill Street, Perth, Western Australia, 6000 on Tuesday, 29 November 2016 at 11.30 a.m. Perth time** and at any adjournment of that meeting.

Authority for Chair of the Meeting to exercise undirected proxies on remuneration related matters

If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 1 and 3, I/we expressly authorise and direct the Chair of the Meeting to exercise my/our proxy as he decides in respect of Resolutions 1 and 3 even though Resolutions 1 and 3 are connected with the remuneration of a member of the key management personnel of Alcidion Group Limited.

Chair's voting intentions in relation to undirected proxies

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolutions 1 and 3). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

C

PROXY INSTRUCTIONS

To instruct your proxy how to vote, insert 'X' in the appropriate column against each item of business set out below.

	For	Against	Abstain		For	Against	Abstain
Resolution 1: Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 3: Issue of Options to Mr Brian Leedman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2: Election of Mr Brian Leedman as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 4: Appointment of William Buck as auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: if you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is%.

D

SIGNATURE OF SHAREHOLDER(S)

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (delete one)

Joint Shareholder 3 (Individual)

Director

Date:

Contact Name:

Daytime Phone Number:

INSTRUCTIONS FOR COMPLETING THE PROXY FORM

Appointment of a proxy

A Shareholder entitled to vote at the Meeting may appoint not more than two proxies to attend and vote at the Meeting on that Shareholder's behalf. A proxy need not be a Shareholder of the Company. A Shareholder who is entitled to cast two or more votes may appoint not more than two proxies to attend and vote at the Meeting. If you appoint two proxies, you may specify the proportion votes each proxy is appointed to exercise. If no such proportion is specified, each proxy can exercise half of the Shareholder's voting rights.

If the appointment of a proxy directs the proxy to vote on an item of business in a particular way, the proxy may only vote on that item as directed. However, unless the proxy is required by law to vote, the proxy may decide not to vote on that item. All directed proxies that are not voted on a poll at the Meeting will automatically default to the Chairman, who is required to vote the proxies as directed. Any undirected proxies on a given resolution may be voted on by the appointed proxy as they choose, subject to voting exclusions as described previously.

In the case of Shares jointly held by two or more persons, any joint holder may appoint a proxy but if more than one is present at the meeting (either in person or by proxy or attorney or representative) the joint holder whose name appears first in the Company's share register shall alone be entitled to vote in respect of those shares.

Lodging a proxy form

To be effective, the completed Proxy Form, together with any relevant power of attorney, must be received by the Company not less than 48 hours before the time for holding the meeting, which is 11.30 a.m. Perth time on Sunday 27 November 2016.

The Proxy Form can be returned in the following ways:

By Email

duncan.craig@alcidion.com

By Phone

+61 (0) 8 8271 2644

By Mail

GPO Box 642, Adelaide, South Australia, 5001

In Person

Level 2, 40 Greenhill Road, Wayville, SA, 5034

Signing instructions

The Proxy Form must be signed as follows:

- (a) **Individual:** This form is to be signed by the Shareholder.
- (b) **Joint Holding:** where the holding is in more than one name, all the Shareholders should sign.
- (c) **Power of Attorney:** to sign under a Power of Attorney, you must have already lodged it with the Company. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.
- (d) **Companies:** this form must be signed by a director jointly with either another director or a company secretary. Where the company has a sole director who is also the sole company secretary, this form should be signed by that person. Please indicate the office held by signing in the appropriate place.

Attending the meeting

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