

Addendum to 2016 Notice of Annual General Meeting

Resolution 2 – Grant of Incentive Options to Matthew Muscio

To replace Agenda for Resolution 2 on page 1 of the 2016 Notice of Annual General Meeting and Explanatory Memorandum to Shareholders.

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

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval be given for the Company to issue 598,301 Incentive Options to Matthew Muscio, under the Company’s Long Term Incentive Plan, on the terms and conditions set out in the Explanatory Memorandum (including Annexure “A” to the Explanatory Memorandum).”

Voting exclusion statement: The Company will disregard any votes cast on Resolution 2 by Matthew Muscio and any Associate of Matthew Muscio.

However, the Company need not disregard a vote if:

- a. it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or*
- b. it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

To replace Explanatory Memorandum for Resolution 2 on page 4 of the 2016 Notice of Annual General Meeting and Explanatory Memorandum to Shareholders.

Subject to Shareholder approval under Resolution 2, the Company proposes to grant a total of 598,301 Incentive Options to Matthew Muscio under the terms of the Company’s Long Term Incentive Plan (Option Plan).

The purpose of the Company’s Option Plan is to provide eligible employees with equity based remuneration with a long term performance focus. The full terms and conditions of the Option Plan were released to the ASX on 5 December 2013 and may also be inspected during normal business hours at the registered office of the Company.

The grant of Incentive Options encourages Matthew Muscio to have a greater involvement in the achievement of the Company’s objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through Share ownership. Under the Company’s current circumstances, the Directors have determined (in the absence of Matthew Muscio) that the incentives intended for Matthew Muscio represented by the grant of these Incentive Options are a cost effective and efficient means for the Company to provide a reward and an incentive, as opposed to alternative forms of incentive, such as the payment of additional cash compensation.

The number of Incentive Options to be granted to Matthew Muscio has been determined based upon a consideration of:

- a. the remuneration of Matthew Muscio;
- b. the extensive experience and reputation of Matthew Muscio within the medical devices industry;

- c. the current price of the Company’s Shares;
- d. the Directors’ wish to ensure that the remuneration offered is competitive with market standards and / or practice. The Directors have considered the proposed number of Incentive Options to be granted and will ensure that Matthew Muscio’s overall remuneration is reasonable given the circumstances of the Company and the responsibilities of Matthew Muscio’s office; and
- e. incentives to attract and ensure continuity of service of the Company’s employees who have appropriate knowledge and expertise, while maintaining the Company’s cash reserves. The Company does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Incentive Options upon the terms proposed.

Information Requirements – ASX Listing Rules 10.14 and 10.15

ASX Listing Rule 10.14 requires Shareholder approval by ordinary resolution prior to the acquisition of securities by a Director of the Company under an employee incentive scheme. Accordingly, under ASX Listing Rule 10.14, the Company is seeking Shareholder approval to grant 598,301 Incentive Options to Matthew Muscio.

The following information in relation to the Incentive Options to be granted to Matthew Muscio pursuant to Resolution 2 is provided to Shareholders for the purposes of ASX Listing Rule 10.15:

- a. 598,301 Incentive Options will be issued, and if all of those Incentive Options vest and are exercised, 598,301 fully paid ordinary shares will be issued to Matthew Muscio;
- b. the Incentive Options will be granted for no consideration. The Incentive Options will be exercisable at a price of \$1.99, calculated as the volume weighted average price for the five trading days on the ASX ending 21 September 2016 at which the Directors approved the granting of the Incentive Options at the Board Meeting held on 22 September 2016;
- c. at the Annual General Meeting held on 28 October 2015, the Company sought and obtained shareholder approval under Listing Rule 10.14 to grant 312,706 options for no consideration at an exercise price of \$3.23 to Mr Matthew Muscio;
- d. Matthew Muscio is the only Director, or associate of a Director, who is entitled to participate in the Option Plan;
- e. no loan will be provided by the Company in connection with the grant of the Incentive Options to Matthew Muscio;
- f. a voting exclusion statement has been included under Resolution 2 of the Agenda to this Notice of Annual General Meeting;
- g. the Incentive Options will be issued on a date which will be no later than 12 months after the date of this Meeting; and
- h. further terms and conditions of the Incentive Options to be granted to Matthew Muscio are set out in Annexure “A” to this Explanatory Memorandum.

If approval is given for the grant of the Incentive Options under Listing Rule 10.14, approval is not required under ASX Listing Rule 7.1.