
APIAM ANIMAL HEALTH LIMITED (ASX: AHX)

ACN 604 961 024

NOTICE OF ANNUAL GENERAL MEETING

and

EXPLANATORY MEMORANDUM

TIME: 9:00am (AEDT)

DATE: Thursday 24 November 2016

PLACE: All Seasons Bendigo
171-183 McIvor Road
Bendigo, Victoria

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Chairman, Andrew Vizard on (03) 5445 5999

LETTER FROM THE CHAIRMAN

Dear Shareholders,

It is my pleasure to invite you to attend the 2016 Annual General Meeting (AGM) of Apiam Animal Health Limited (Apiam).

The AGM will be held on Thursday 24 November 2016 commencing at 9am (Victorian time) at All Seasons Bendigo, 171-183 Mclvor Road, Bendigo. Registration will be available from 8am.

A Voting/Proxy Form is included in this information pack. The Form contains a barcode to assist with the registration process at the AGM. If you attend the AGM, please bring the barcode Form with you. If you are not attending the AGM, the Form allows you to appoint a proxy to vote on your behalf. Please refer to the Explanatory Memorandum and the Voting/Proxy Form for more information.

Shareholders may direct questions during the AGM to the Chairman about the operations and management of Apiam or to Apiam's auditor about the content of the auditor's report and the conduct of the audit. Questions should be submitted by no later than 9am on Tuesday 22nd November 2016 at the address set out in the Explanatory Memorandum.

Apiam Directors and Senior Executives look forward to the opportunity to meet with you at the AGM.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'A. Vizard', with a stylized flourish at the end.

Andrew Lancelot Vizard

Chairman of the Board

Apiam Animal Health Limited

IMPORTANT INFORMATION

Time and Place of Meeting

Notice is given that the Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at All Seasons Bendigo, 171-183 Mclvor Road, Bendigo on Thursday 24 November 2016 at 9am.

Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

Voting eligibility

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations that the persons eligible to vote at the Meeting are those who are registered Shareholders at 7pm on Tuesday 22 November 2016.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- (a) each member has a right to appoint a proxy;
- (b) the proxy need not be a member of the Company; and
- (c) a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes. Neither proxy may vote on a show of hands.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular Resolution and, if it does:

- (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- (c) if the proxy is the Chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- (d) if the proxy is not the Chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- (a) an appointment of a proxy specifies the way the proxy is to vote on a particular Resolution at a meeting of the Company's members; and
- (b) the appointed proxy is not the Chair of the meeting; and
- (c) at the meeting, a poll is duly demanded on the resolution; and
- (d) either of the following applies:
 - (i) the proxy is not recorded as attending the meeting; or
 - (ii) the proxy does not vote on the resolution,

the Chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolutions at the meeting.

If the Chair of the meeting is appointed or taken to be appointed as a proxy, but the appointment does not direct the votes to be cast in a particular manner, then the Chair intends to exercise all available votes in favour of the Resolutions.

Defined terms

Capitalised terms in this Notice of Meeting and Explanatory Memorandum are defined either in the Glossary section or where the relevant term is first used.

ASX

A final copy of this Notice of Meeting and Explanatory Memorandum has been lodged with ASX. Neither ASX, nor any of its officers takes any responsibility for the contents of these Meeting Materials.

Shareholder Questions

Shareholders may direct questions during the AGM to the Chairman about the operations and management of Apiam or to Apiam's auditor about the content of the auditor's report and the conduct of the audit. Questions should be submitted by no later than 9am on Tuesday 22 November 2016 to the following contacts:

- by email: enquiries@apiam.com.au
- by fax: (03) 5445 5914

NOTICE OF MEETING

NOTICE IS GIVEN that the Annual General Meeting of the Shareholders of **APIAM ANIMAL HEALTH LIMITED ACN 604 961 024** (the **Company** or **Apiam**) will be held on Thursday 24 November 2016, commencing at 9am at All Seasons Bendigo, 171-183 Mclvor Road, Bendigo.

This Notice of Meeting incorporates, and should be read together with the Explanatory Memorandum, Annexures, Schedules and Proxy Form.

AGENDA

FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2016, together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

RESOLUTION 1: ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, pass the following Resolution as an **advisory ordinary resolution** with or without modification:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2016."

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

Voting exclusion statement:

The Company will disregard any votes cast on Resolution 1 (in any capacity) by or on behalf of:

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

However, the Company need not disregard a vote on Resolution 1 if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by a 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.

RESOLUTION 2: RE-ELECTION OF CHAIRMAN AND NON- EXECUTIVE DIRECTOR – ANDREW LANCELOT VIZARD

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

“That, for the purposes of ASX Listing Rule 14.4, rule 12.4 of the Constitution and for all other purposes, Andrew Lancelot Vizard is re-elected as Non-Executive Director of the Company.”

RESOLUTION 3: RE-ELECTION OF NON- EXECUTIVE DIRECTOR – CHARLES TREVOR SITCH

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

“That, for the purposes of ASX Listing Rule 14.4, rule 12.4 of the Constitution and for all other purposes, Charles Trevor Sitch is re-elected as Non-Executive Director of the Company.”

RESOLUTION 4: RE-ELECTION OF NON- EXECUTIVE DIRECTOR – MICHAEL van BLOMMESTEIN

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

“That, for the purposes of ASX Listing Rule 14.4, rule 12.4 of the Constitution and for all other purposes, Michael van Blommestein is re-elected as Non-Executive Director of the Company.”

RESOLUTION 5: RE-ELECTION OF NON- EXECUTIVE DIRECTOR – RICHARD JOHN DENNIS

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

“That, for the purposes of ASX Listing Rule 14.4, rule 12.4 of the Constitution and for all other purposes, Richard John Dennis is re-elected as Non-Executive Director of the Company.”

RESOLUTION 6: APPROVAL OF EQUITY PLAN

To consider and, if thought fit, pass the following Resolution as an **ordinary resolution** with or without modification:

“That the Equity Incentive Plan, as described in the Explanatory Memorandum, is approved for the issue of securities under that Plan for the purpose of ASX Listing Rule 7.2, exception 9.”

Voting exclusion statement

The Company will disregard any votes cast on Resolution 6 (in any capacity) by or on behalf of an Executive Director (and their respective associates).

However, the Company need not disregard a vote on Resolution 6 if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or

- it is cast by a 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.

RESOLUTION 7: RATIFICATION OF PRIOR ISSUE OF SECURITIES UNDER ASX LISTING RULE 7.4

To consider and, if thought fit, pass the following Resolution as an **ordinary resolution** with or without modification:

“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 2,263,299 Shares to the Quirindi Vendors on the terms and conditions set out in the Explanatory Memorandum.”

Voting exclusion statement:

The Company will disregard any votes cast on Resolution 7 (in any capacity) by or on behalf of any Quirindi Vendor (and their respective associates) who participated in the prior issue.

However, the Company need not disregard a vote on Resolution 7 if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by a 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.

By order of the Board



Andrew Lancelot Vizard, Company Chairman

24 October 2016

1 INTRODUCTION

This Explanatory Memorandum forms part of the Notice of Meeting and has been prepared for Shareholders in connection with the Meeting to be held at All Seasons Bendigo, 171-183 Mclvor Road, Bendigo on Thursday 24 November 2016 at 9am.

This Explanatory Memorandum provides information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions contained in the Notice of Meeting.

The Meeting Materials are all important documents that should be read carefully and in their entirety before Shareholders make a decision on how to vote at the Meeting.

Capitalised terms used in this Explanatory Memorandum are defined either in the Glossary section or where the relevant term is first used.

2 RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the director's report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting, those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Proxy voting restrictions

Shareholder appointing a proxy for this Resolution should note the following:

If you appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy you must direct your proxy how to vote on this Resolution.

Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

*If you appoint the Chair as your proxy (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member) you **do not** need to direct your proxy how to vote on this Resolution. However, if you do not direct the Chair how to vote, you **must mark the acknowledgement on the Proxy Form** to expressly authorise the Chair to exercise his/her discretion in exercising your proxy even though this Resolution is connected directly or indirectly with the remuneration of Key Management Personnel.*

If you appoint any other person as your proxy, you do not need to direct your proxy and you do not need to mark any acknowledgement on the Proxy Form.

2.4 Directors' recommendation

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 1.

3 RESOLUTIONS 2 TO 5 – RE-ELECTION OF NON- EXECUTIVE DIRECTORS

3.1 General

Under ASX Listing Rule 14.4 and rule 12.4 in the Company's Constitution, a director appointed to fill a casual vacancy or as an addition to the board must not hold office (without re-election) past the next annual general meeting of the entity.

Rule 12.4(b) of the Constitution exempts an Executive Director from this requirement.

Accordingly, each of the current Directors, other than Dr Chris Richards (the Company's Managing Director) is due for re-election.

Details of the qualifications, experience, other directorships, competencies and other information for each of these Directors are provided below.

3.2 Professor Andrew Vizard (Non-Executive Chairman) – Resolution 2

Andrew is a Principal Fellow at the Faculty of Veterinary and Agricultural Sciences, University of Melbourne and previously Associate Professor of Veterinary Epidemiology and Director of The Mackinnon Project, a recognised leader in sheep and beef veterinary consultancy. An experienced company director, previous board experience includes directorships of Animal Health Australia, the body responsible for coordinating Australia's animal health system, Primesafe, the statutory authority responsible for regulating the production of safe meat in Victoria and the Australian Wool Corporation, the body

responsible for managing research and marketing of Australian Wool. For ten years Andrew also managed Roxby Park, his family's 3,300 acre farm.

3.3 Charles Sitch (Non-Executive Director) – Resolution 3

Charles is currently a director of ASX listed Spark New Zealand Ltd and a member of their audit risk and finance committee. He is also a director of Bellamy's Australia Ltd. Previously Charles spent 24 years at McKinsey and Company New York, London and Melbourne. He was a senior director, primarily working with CEOs and Boards on strategy and operations turnarounds before retiring in 2010. In 2002, Charles was awarded the President's Medal for services to the Royal Agricultural Society of Victoria.

3.4 Michael van Blommestein (Non-Executive Director) – Resolution 4

Michael was a Vice President and Country Manager of Australia and New Zealand for Zoetis and managed the spin-off of Zoetis from Pfizer Australia. An experienced director in the animal health sector, Michael presided over Animal Medicines Australia, the peak industry body for five years and was a member of the board for nearly a decade. Michael played an integral role in leading and overseeing the transition of Animal Health Alliance into Animal Medicines Australia and has also served on the board of Animal Health Association Japan.

3.5 Richard John Dennis (Non-Executive Director) – Resolution 5

Rick had 35 years with Ernst & Young and was the Managing Partner of EY's Queensland practice on two occasions from 2001-2007 and from 2014-2015. Rick also held a number of executive management roles at EY, including the roles of Deputy COO and CFO for the Asia-Pacific practice where he was responsible for overseeing the financial and operational integration of EY's Australian and Asian member firms. Rick is a member of Australian Super's Queensland Advisory Board and a member of the advisory board to EWM Group. Rick is also a non-executive director of ASX listed companies Motorcycle Holdings Ltd and Omni Market Tide Ltd and a non-executive director of Springfield Land Corporation Pty Ltd, Vesta Living Communities Ltd and Gold Coast Private Health Network.

3.6 Directors' recommendation

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolutions 2, 3, 4 and 5.

4 RESOLUTION 6 – APPROVAL OF EQUITY INCENTIVE PLAN

4.1 General

Resolution 6 provides Shareholders with the opportunity to vote on the Company's Equity Incentive Plan (**Plan**).

The Listing Rules generally restrict listed companies from issuing more than 15% of their issued share capital in any 12 month period without shareholder approval. However, there are exceptions to this restriction, one of which states that the general Listing Rule requirements for shareholder approval will not apply to an issue under an employee incentive scheme if, within 3 years before the date of the issue, shareholders approve the issue of securities under the scheme as an exception to the rule.

If the Plan is approved by Shareholders, issues under the Plan over the next 3 years will fall under this Listing Rule exception.

However, the exception does not apply to Directors and their associates, who are deemed related parties of the Company, and issues to such persons will require separate approval under Listing Rule 10.14.

4.2 Summary of the Plan

The Plan was adopted by the Board on 6 October 2016.

The Plan is designed to assist with the attraction, motivation and retention of relevant employees of the Company, align the interests of those employees and shareholders and drive the Company's improved performance. The Plan provides an opportunity for eligible employees (including any person who is a full-time or permanent part-time employee or officer, or director of the Company or any related body corporate of the Company) to receive an equity interest in the Company through the granting of Options, Performance Rights or other Awards.

This is the first approval sought under Listing Rule 7.2 Exception 9 with respect to the Plan. No Awards have previously been issued under the Plan and the Plan has not previously been approved by Shareholders.

In accordance with ASX Listing Rule 7.2, exception 9, a summary of the key terms of the Plan is set out below:

(a) Eligibility

Eligibility to participate in the Plan and the number of Options, Performance Rights or other Awards offered to each individual participant, will be determined by the Board. Non-Executive Directors are not eligible to participate in the Plan.

(b) Invitation

Under the rules of the Plan, the Company may invite eligible employees to apply for Options, Performance Rights and/or other Awards from time to time, at the discretion of the Board.

(c) Terms and conditions

The Board has the discretion to set the terms and conditions (including conditions in relation to vesting, disposal restrictions or forfeiture and any applicable exercise price) on which it will invite eligible employees to apply for Options, Performance Rights or other Awards under the Plan and may set different terms and conditions which apply to different participants in the Plan.

(d) Vesting conditions

Options, Performance Rights and other Awards will vest and become exercisable to the extent that the applicable performance, service, or other vesting conditions specified at the time of the grant are satisfied (collectively the Vesting Conditions). Vesting Conditions may include conditions relating to continuous employment or service, the individual performance of the participant and/or the Company's performance and the exercise price (if any) being less than the current market price of the underlying Share as at vesting.

Typically, the Vesting Conditions must be satisfied within a predetermined vesting period.

Both the Vesting Conditions and the vesting period are set by the Board in its discretion, and may (in certain circumstances) be waived by the Board in its discretion.

(e) Ranking of Shares

Shares issued (including Shares issued upon exercise of Options or Performance Rights granted) under the Plan will rank equally in all respects with the other issued Shares.

(f) Exercise of Options, Performance Rights or other Awards

Subject to satisfaction of Vesting Conditions, a participant may exercise an Option, Performance Right or other Award by lodging an exercise notice with the Company and complying with any requirements under the Plan.

(g) Voting and dividend rights of Shares where Options, Performance Rights and other Awards

A participant is not entitled to vote at a Shareholder meeting or receive any dividends declared by the Company unless and until any Award is exercised and the Participant holds Shares that provide the right to vote and dividends.

(h) Issue or acquisition of Shares

The Company may, in its discretion, issue new Shares or cause existing Shares to be acquired for transfer to the participant, or a combination of both alternatives, to satisfy the Company's obligations under the Plan.

If the Company determines to cause the transfer of Shares to a participant, the Shares may be acquired in such manner as the Company considers appropriate, including from a trustee appointed under the Plan.

(i) Expiry of Options, Performance Rights and other Awards

Options, Performance Rights and other Awards which have not been exercised will expire if the applicable Vesting Conditions and any other conditions to exercise are not met during the prescribed vesting period or if they are not exercised before the applicable expiry date. In addition, Options, Performance Rights and other Awards will lapse if the participant deals with the Options, Performance Rights or other Awards in breach of the rules of the Plan or in the opinion of the Directors, a participant has acted fraudulently or with gross misconduct.

(j) Quotation

Options, Performance Rights and other Awards will not be quoted on ASX. The Company will apply for official quotation of any Shares allotted under the Plan, unless the Board resolves otherwise.

(k) Exercise price of Awards

The Board may in its absolute discretion determine that a participant is required to pay an exercise price to exercise the Options, Performance Rights or other Awards offered or granted to that participant. The Board may determine (in its discretion) and specify in an invitation that a participant may, at their election, elect to pay the exercise price by setting off the exercise price against the number of Shares which they are entitled to receive upon exercise.

(l) Approval

Grants of Options, Performance Rights or other Awards under the Plan to a Director may be subject to the approval of Shareholders, to the extent required under the Listing Rules.

(m) No hedging and no transfer

Participants in the Plan must not enter into transactions or arrangements, including by way of derivatives or similar financial products, which limit the economic risk of holding unvested Awards.

(n) Limit

The Board must not issue an invitation to apply for Options, Performance Rights or other Awards if the number of underlying Shares the subject of the invitation to apply for Awards exceeds the maximum permitted under any applicable ASIC Instrument to ensure compliance with such ASIC Instrument. Shareholders should note that ASIC Class Order 14/1000 currently imposes a 5% issue limit over a rolling three year period.

(o) Restrictions

The Board may impose restrictions on dealing in Shares or Awards which are acquired under the Plan, for example, by prohibiting them from being sold, transferred, mortgaged, pledged, charged or otherwise disposed of or encumbered for a period of time.

(p) Settlement of Awards in cash

If the Board determines that for a taxation, legal, regulatory or compliance reason it is not appropriate to issue or transfer Shares, the Company may in lieu and final satisfaction of the Company's obligation to issue or transfer Shares as required upon the exercise of an Award by a participant, make a cash payment to the participant equivalent to the fair market value of the Awards.

(q) Capital reorganisations

If the Company undergoes a capital reorganisation, then the terms of the Awards for the participant will be changed to the extent necessary to comply with the Listing Rules.

(r) Other terms of the Plan

The Plan also contains terms having regard to Australian law for dealing with the administration, variation and termination of the Plan.

4.3 Directors' recommendation

The Non-Executive Directors recommend that shareholders vote in favour of Resolution 6.

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 6.

5.1 General

On 19 August 2016 the Company announced the acquisition of the Quirindi Veterinary Group, consisting of Quirindi Veterinary Clinic Pty Ltd, Quirindi Feedlot Services Pty Ltd and Quipoly Equine Centre Pty Ltd (**Quirindi Acquisition**).

The Company further announced the completion of the Quirindi Acquisition on 1 September 2016.

The total consideration paid for the Quirindi Acquisition was \$11,569,325.00, comprising:

- (a) 70% by way of cash payment of \$8,098,527.5070; and
- (b) 30% by way of the issue of fully paid ordinary Shares in the Company, with the price of those Shares calculated at the share price of the 15 day volume weighted average price up to and including 18 August 2016 (the date the transaction was announced), namely, \$1.5335 per Share (**Quirindi Shares**).

Of the Quirindi Shares, 50% were to be escrowed for a period of 12 months, and 50% for a period of 24 months.

5.2 Quirindi Vendors

The Quirindi Shares were issued to the owners of the three companies comprising the Quirindi Veterinary Group and their nominees as follows:

	Total Number of Shares	Escrowed until 1 Sept 2017	
		Escrow 1 Sept 2018	
Tony Batterham Pty Ltd	1,066,439	533,220	533,219
David Frith Pty Ltd	1,099,044	549,522	549,522
Ashleigh Smith	32,606	16,303	16,303
Shayne Thompson	8,151	4,076	4,075
Patricia Munro	8,151	4,076	4,075
Christine Clarke	3,261	1,631	1,630
Max and Lynette Batterham	26,084	13,042	13,042
Marrincott Pty Ltd	19,563	9,782	9,781
Total	2,263,299	1,131,652	1,131,647

5.3 Purpose and effect of Resolution 7

Resolution 7 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Quirindi Shares as part consideration for the Quirindi Acquisition.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

5.4 Technical information required by ASX Listing Rule 7.5

The following information is provided pursuant to ASX Listing Rule 7.5:

Number of Shares issued	2,263,299 Shares were issued pursuant to Listing Rule 7.1.
Price at which the Shares were issued	Nil. The Shares were issued as partial consideration for the Quirindi Acquisition (with a nominal issue price of \$1.5335) .
Date Issued	1 September 2016
Terms of the Shares	The Shares issued were all fully paid Ordinary Shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
Persons to whom securities were issued	The Quirindi Vendors listed at paragraph 5.2 above.
Use of funds raised	No funds were raised from the issue of the Shares to the Quirindi Vendors. These Shares were part consideration for the Quirindi Acquisition.
Voting Exclusion Statement	A Voting Exclusion Statement is contained in the Notice of Meeting.

5.5 No other material information

There is no other material information known to the Company's Directors which may reasonably be expected to affect Shareholders' decision making as to whether or not to vote in favour of Resolution 6 other than what is set out in these Meeting Materials and has been previously disclosed to Shareholders.

5.6 Directors' recommendation

The Directors recommend that shareholders vote in favour of Resolution 7.

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 7.

Shareholders are requested to contact the Company Chairman, Andrew Lancelot Vizard on (03) 5445 5999 if they have any queries in respect of the matters set out in these Meeting Materials. If you do not understand these Meeting Materials or are unsure about how to vote in respect of a resolution, you should seek professional advice from your lawyer, accountant or other professional adviser.

GLOSSARY SECTION

In the Explanatory Memorandum:

ASIC	Australian Securities and Investments Commission.
ASIC Instrument	an instrument made by ASIC that exempts the Company, or each person in a class of persons, from the Corporations Act or any part of it, or that modifies the application of the Corporations Act or any part of it in particular circumstances.
ASX	means the Australian Securities Exchange, operated by ASX Limited ACN 008 624 691.
ASX Listing Rules	means the official rules of the ASX.
Award	an Option, Performance Right or other right or aware to acquire a Share granted pursuant to the Plan.
Board	means the board of Directors of the Company.
Closely Related Party	means but is not limited to family members, nominee companies and family trusts of Key Management Personnel.
Chair or Chairman	means the chairman of the Meeting.
Constitution	means the constitution of Apiam Animal Health Limited ACN 604 961 024.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Director	means a director of the Company.
Key Management Personnel	the Directors and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.
Meeting Materials or Notice of Meeting	means this Notice of Meeting, Explanatory Memorandum, Annexures, Schedules and Proxy Form.
Meeting	means the annual general meeting of the Company to be convened by the Notice of Meeting (unless the context otherwise requires).
Options	options over Shares granted pursuant to the Plan.
Ordinary Share or Share	means fully paid ordinary shares in the Company.
Performance Rights	rights to be issued Shares pursuant to the Plan.
Plan	the employee incentive scheme adopted by the Board, a summary of which is contained in Section 4.2 of this Explanatory Memorandum.
Proxy Form	means the proxy form accompanying the Notice of Meeting.
Quirindi Vendors	The persons listed in Section 5.2 of this Explanatory Memorandum.
Resolution	means each resolution set out in the Notice of Meeting, or any one of them, as the context requires.
Shareholder	means a holder of one of more Shares.

Instructions for Completing 'Appointment of Proxy' Form

STEP 1: Appointment of Proxy

Indicate here who you want to appoint as your Proxy

If you wish to appoint the Chairman of the Meeting as your proxy mark the box. If you wish to appoint someone other than the Chairman of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank or your named proxy does not attend the meeting the Chairman of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered security holder in the space.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the Company's securities registry.

Appointment of a Second Proxy

You are entitled to appoint up to two 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 securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities 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
- (b) return both forms together in the same envelope.

STEP 2: Voting Directions to your Proxy

You can tell your Proxy how to vote

To direct your proxy how to vote place a mark in one of the boxes opposite each item of business. All your securities 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 securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item 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.

STEP 3: Sign the Form

The form **must** be signed as follows.

- (c) **Individual:** This form is to be signed by the security holder.
- (d) **Joint Holding:** where the holding is in more than one name all the security holders must sign.
- (e) **Power of Attorney:** to sign under a Power of Attorney you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

- (f) **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 must be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4: Lodgement of a Proxy

This Proxy Form and, if applicable, any Power of Attorney under which it is signed must be received at an address given below **by 9:00am (AEDT) on Tuesday, 22 November 2016**, i.e. not later than 48 hours before the commencement of the meeting at 9:00am (AEDT) on Thursday 24 November 2016. Any Proxy Form received after that time will be invalid.

Proxies may be lodged:

ONLINE - www.votingonline.com.au/api/animalhealthagm2016

BY MAIL – at Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia

BY FAX – on facsimile number + 61 2 9290 9655

IN PERSON – at Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring your proxy form with you to assist registration.



All Correspondence to:

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

📠 **By Fax:** +61 2 9290 9655

💻 **Online:** www.boardroomlimited.com.au

☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 9:00am (AEDT) on Tuesday 22 November 2016.**

🖥 TO VOTE ONLINE

- STEP 1: VISIT** www.votingonline.com.au/apiamanimalhealthagm2016
- STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)**
- STEP 3: Enter your Voting Access Code (VAC):**

📱 BY SMARTPHONE



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities 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.
- (b) return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

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.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **9:00am (AEDT) on Tuesday, 22 November 2016.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

- 🖥 **Online** www.votingonline.com.au/apiamanimalhealthagm2016
- 📠 **By Fax** + 61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia
- 👤 **In Person** Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

☐

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Apium Animal Health Limited** (Company) and entitled to attend and vote hereby appoint:

☐

the **Chair of the Meeting** (mark box)

OR if you are **NOT** appointing the Chair 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 below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at the **All Seasons Bendigo, 171-183 Mclvor Road, Bendigo, Victoria on Thursday, 24 November, 2016 at 9:00am (AEDT)** and at any adjournment of that meeting, 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.

Chair of the Meeting authorised 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 Resolution 1, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of this Resolution even though Resolution 1 is connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolution 1). 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.

STEP 2 VOTING DIRECTIONS

* 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 vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	To Adopt the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-Election of Chairman and Non-Executive Director – Andrew Lancelot Vizard	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-Election of Non-Executive Director – Charles Trevor Sitch	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Re-Election of Non-Executive Director – Michael van Blommestein	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Re-Election of Non-Executive Director – Richard John Dennis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of Equity Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Ratification of Prior Issue of Securities under ASX Listing Rule 7.4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SHAREHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2016