

17 May 2021

Dear Shareholder,

GENERAL MEETING – NOTICE AND PROXY FORM

Notice is hereby given that a General Meeting ('Meeting') of Shareholders of Nanollose Limited ('Company') will be held at RSM, Level 32, Exchange Tower, 2 The Esplanade, Perth, Western Australia at 4:00pm (WST) on Thursday, 17 June 2021.

Pursuant to ASIC's 'no action' position to facilitate electronic notices of meeting per the ASIC 21-061MR released on 29 March 2021, the Company has made the decision to not dispatch physical copies of the Notice of Meeting ('Notice'). Instead, a copy of the Notice is available on the ASX Company's Announcement Platform at www2.asx.com.au (ASX:NC6).

If you have elected to receive notices by email, a copy of your personalised proxy form will be emailed to you. If you have not elected to receive notices by email, a copy of your personalised proxy form will be posted to you, together with this letter for your convenience.

The Board has made the decision that it will hold a physical Meeting with the appropriate social gathering and physical distancing measures in place at the time of the Meeting. Shareholders who are unable to attend the Meeting will be able to participate by:

- (a) voting prior to the Meeting by lodging your proxy instructions by no later than 48 hours prior to the Meeting (by 4:00pm (WST) on Tuesday 15 June 2021) either by:
 - **voting online** at <https://investor.automic.com.au/#/loginsah>, or
 - **lodging a proxy** form by:
 - post to: Automic, GPO Box 5193, Sydney, NSW, 2001; or
 - in person to: Automic, Level 5, 126 Phillip Street, Sydney, NSW, 2000; or
 - by email to: meetings@automicgroup.com.au.
- (b) lodging questions in advance of the Meeting by emailing the questions to Erlyn Dale, Company Secretary at erlyn@azc.com.au, by no later than 14 June 2021.

Circumstances relating to COVID-19 are changing rapidly. The Company will update shareholders if changing circumstances will impact planning or the arrangements for the Meeting by way of announcement on ASX and the details will also be made available on our website at <https://nanollose.com/>.

The Notice is important and should be read in its entirety. If you are in doubt as to the course of action you should follow, you should consult your financial adviser, lawyer, accountant, or other professional adviser.

If you have any difficulties obtaining a copy of the Notice, or for any other relevant information please contact the Company Secretary on +61 8 9389 3120 or erlyn@azc.com.au.

Authorised for release by the Board of Nanollose Limited.

Yours sincerely,



Erlyn Dale
Company Secretary
Nanollose Limited

NANOLLOSE LIMITED

ACN 601 676 377

NOTICE OF GENERAL MEETING AND EXPLANATORY STATEMENT

**For the General Meeting of Shareholders
to be held on 17 June 2021 at 4pm (WST)
at RSM, Level 32, Exchange Tower,
2 The Esplanade, Perth, Western Australia**

Due to the ongoing COVID-19 pandemic and strict limitation on physical attendance, the Company has taken steps to ensure attendance in person is in adherence to COVID-19 protocols. If the situation in relation to COVID-19 changes in a way that affects the Company's ability to facilitate an in-person Meeting as currently proposed, the Company will provide a further update ahead of the Meeting by releasing an announcement on the ASX market announcements platform.

Shareholders are urged to vote by lodging the Proxy Form.

TIME AND PLACE OF GENERAL MEETING AND HOW TO VOTE

Venue

The General Meeting of Nanollose Limited will be held at:

**RSM
Level 32, Exchange Tower
2 The Esplanade
Perth, Western Australia, 6000**

**Commencing
at 4pm (WST)
on 17 June 2021**

How to Vote

You may vote by attending the Meeting in person, by proxy or authorised representative.

Voting in Person

To vote in person, attend the Meeting on the date and at the place set out above. The Meeting will commence at 4pm (WST). Given the current COVID-19 pandemic, Shareholders are urged to vote by proxy.

Voting by Proxy

To vote by proxy, please complete and sign the Proxy Form as soon as possible and deliver the Proxy Form in accordance with the instructions on the Proxy Form. You may also submit your Proxy Form online in accordance with instructions on the Proxy Form.

Your Proxy Form must be received no later than 48 hours before the commencement of the Meeting.

NANOLLOSE LIMITED
ACN 601 676 377

NOTICE OF GENERAL MEETING

Notice is hereby given that the General Meeting of the Shareholders of Nanollose Limited will be held at RSM, Level 32, Exchange Tower, 2 The Esplanade, Perth, Western Australia on 17 June 2021 at 4pm (WST) for the purpose of transacting the following business.

Due to the ongoing COVID-19 pandemic and strict limitation on physical attendance, the Company has taken steps to ensure attendance in person is in adherence to COVID-19 protocols. If the situation in relation to COVID-19 changes in a way that affects the Company's ability to facilitate an in-person Meeting as currently proposed, the Company will provide a further update ahead of the Meeting by releasing an announcement on the ASX market announcements platform.

The attached Explanatory Statement is provided to supply Shareholders with information to enable Shareholders to make an informed decision regarding the Resolutions set out in this Notice. The Explanatory Statement is to be read in conjunction with this Notice.

RESOLUTION 1 – RATIFICATION OF ISSUE OF FIRST TRANCHE OF PLACEMENT SHARES UNDER LISTING RULE 7.1

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

"That the issue of 16,642,364 Shares to institutional investors on 23 April 2021 as part of a first tranche of a placement under Listing Rule 7.1 is approved under and for the purposes of Listing Rule 7.4 and for all other purposes, on the terms set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or an associate of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

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

RESOLUTION 2 – RATIFICATION OF ISSUE OF FIRST TRANCHE OF PLACEMENT SHARES UNDER LISTING RULE 7.1A

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

"That the issue of 11,894,909 Shares to institutional investors on 23 April 2021 as part of a first tranche of a placement under Listing Rule 7.1A is approved under and for the purposes of Listing Rule 7.4 and for all other purposes, on the terms set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or an associate of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

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

RESOLUTION 3 – APPROVAL TO ISSUE SECOND TRANCHE OF PLACEMENT SHARES UNDER LISTING RULE 7.1

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

"That the issue up to 1,000,000 Shares to institutional investors as the second tranche of a placement is approved under and for the purposes of Listing Rule 7.1 and for all other purposes, on the terms set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

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

- (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

RESOLUTION 4 - APPROVAL TO ISSUE PLACEMENT OPTIONS

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

"That the issue up to 14,768,637 Options to the subscribers of the placement the subject of Resolutions 1, 2 and 3 or their nominees is approved under and for the purposes of Listing Rule 7.1 and for all other purposes, on the terms set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of the subscribers of the placement the subject of Resolutions 1, 2 and 3 or their nominees or a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

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

RESOLUTION 5 – APPROVAL TO ISSUE BROKER OPTIONS

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

"That the issue up to 7,500,000 Options to Peak Asset Management Pty Ltd or its nominees is approved under and for the purposes of Listing Rule 7.1 and for all other purposes, on the terms set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Peak Asset Management Pty Ltd or its nominees or a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

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

VOTING AND PROXIES

1. A Shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a Shareholder of the Company.
2. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by the person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the chair of 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.
3. The chair of the Meeting will vote undirected proxies on, and in favour of, all of the proposed Resolutions.
4. In accordance with Regulation 7.11.37 of the Corporations Act, the Directors have set a date to determine the identity of those entitled to attend and vote at the Meeting. The date is Tuesday 15 June 2021 at 5.00pm (WST).
5. If using the Proxy Form, please complete, sign and return it to the Company's registered office in accordance with the instructions on that form. Voting online is available.

By order of the Board



Erlyn Dale
Company Secretary

Dated: 13 May 2021

NANOLLOSE LIMITED
ACN 601 676 377

EXPLANATORY STATEMENT

This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the Notice.

The Directors recommend that Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

1. BACKGROUND TO PLACEMENT AND RELATED RESOLUTIONS (RESOLUTIONS 1 TO 5)

In accordance with the Company's ASX announcement of 19 April and Appendix 3B dated 23 April 2021, the Company intends to place a total of 29,537,273 Shares at 10 cents per Share in 2 tranches (Placement Shares) to raise \$2,953,727 before costs. The placees of the Placement Shares will be issued with 1 free attaching Option (Placement Option) for every 2 Placement Shares subscribed for. The Placement Options will have an exercise price of 15 cents and an expiry date of 3 years from the date of their issue. The Placement Shares and the Placement Options together constitute the Placement.

The first tranche of the Placement Shares have been issued to institutional investors who are unrelated parties utilising the Company's Listing Rule 7.1 capacity (16,642,364 Shares and for which ratification is sought under Resolution 1) and the Company's Listing Rule 7.1A capacity (11,894,909 Shares and for which ratification is sought under Resolution 2). Listing Rule 7.1 approval is being sought by Resolution 3 to issue the second tranche of the Placement to institutional investors who are unrelated parties. Listing Rule 7.1 approval is being sought by Resolution 4 to issue the Placement Options to the placees of the Placement Shares.

Peak Asset Management Pty Ltd acted as sole lead manager to the Placement. It will receive a fee of 6% of the moneys raised by the Placement and, subject to shareholder approval, will be issued with 7,500,000 Options (see Resolution 5). These Broker Options are on the same terms as the Placement Options.

The funds from the Placement are intended to be used to expedite the development and commercialisation of the Company's Nullarbor lyocell fibre and for general working capital.

2. RESOLUTIONS 1 AND 2 - RATIFICATION OF ISSUE OF FIRST TRANCHE PLACEMENT SHARES UNDER LISTING RULES 7.1 AND 7.1A

2.1 Background

As referred to in Section 1 above, Resolutions 1 and 2 are seeking to ratify the issue of the first tranche of the Placement Shares.

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

Under Listing Rule 7.1A, however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.

An "eligible entity" means an entity which is not included in the S&P/ASX 300 Index and which has a market capitalisation of \$300 million or less. The Company is an eligible entity for these purposes and obtained approval at its 2020 annual general meeting to the additional 10% capacity under Listing Rule 7.1A.

The Company is therefore able to issue equity securities up to a combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval within the limits provided.

The Company undertook the issue of the first tranche of Placement Shares by relying on its placement capacity under Listing Rule 7.1 and part of its placement capacity under Listing Rule 7.1A as the issue did not fall within any of the exceptions to Listing Rule 7.1.

16,642,364 Placement Shares were issued pursuant to the Company's Listing Rule 7.1 capacity and are the subject of Resolution 1. 11,894,909 Placement Shares were issued pursuant to the Company's Listing Rule 7.1A capacity, which capacity was approved by Shareholders at the annual general meeting held on 20 November 2020. These Placement Shares are the subject of Resolution 2.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 or Listing Rule 7.1A (as the case may be) and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain Shareholder approval for such issues under Listing Rules 7.1 or 7.1A.

To this end, Resolutions 1 and 2 seek Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the first tranche of the Placement Shares.

If Resolution 1 is passed, the 16,642,364 Placement Shares will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the issue date.

If Resolution 1 is not passed, the 16,642,364 Placement Shares will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the issue date.

If Resolution 2 is passed, the 11,894,909 Placement Shares will be excluded in calculating the Company's additional 10% capacity in Listing Rule 7.1A, effectively increasing the number of equity securities it can issue without Shareholder approval under Listing Rule 7.1A until 19 November 2021.

If Resolution 2 is not passed, the 11,894,909 Placement Shares will be included in calculating the Company's additional 10% capacity in Listing Rule 7.1A, effectively decreasing the number of equity securities it can issue without Shareholder approval under Listing Rule 7.1A until 19 November 2021.

2.2 Listing Rule 7.5

For Shareholders to approve the issue of the first tranche of the Placement Shares under and for the purposes of Listing Rule 7.4, the following information is provided to Shareholders in accordance with Listing Rule 7.5:

- (a) The securities were issued to institutional investors (including sophisticated and professional investors) exempt from or outside the disclosure requirements under Chapter 6D of the Corporations Act. Peak Asset Management Pty Ltd acted as sole lead manager to the Placement. None of the subscribers is a related party of the Company.
- (b) 28,537,273 Placement Shares were issued on the following basis:
 - (i) 16,642,364 Placement Shares were issued pursuant to Listing Rule 7.1 (ratification of which is sought under Resolution 1); and
 - (ii) 11,894,909 Placement Shares were issued pursuant to Listing Rule 7.1A (ratification of which is sought under Resolution 2).
- (c) The Placement Shares are fully paid ordinary shares in the Company and rank equally with the Company's current issued shares.
- (d) The Placement Shares were issued on 23 April 2021.
- (e) The Placement Shares were issued at 10 cents each.
- (f) The purpose of the issue was to raise funds to be used as set out in Section 1 above.
- (g) The Placement Shares were issued pursuant to a lead manager placement agreement, the material term of which is Peak Asset Management Pty Ltd provides lead manager services in respect of the Placement for a fee of 6% of the moneys raised and will be issued with 7,500,000 Options (see Resolution 5).

3. RESOLUTION 3 – APPROVAL TO ISSUE SECOND TRANCHE OF PLACEMENT SHARES UNDER LISTING RULE 7.1

3.1 Background

As referred to in section 1 above, Resolution 3 is seeking approval to the issue of the second tranche of the Placement Shares.

The issue of the second tranche of the Placement Shares does not fall within any of the exceptions in Listing Rule 7.1 and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of the Company's Shareholders under Listing Rule 7.1.

This Resolution seeks the required Shareholder approval to the issue up to 1,000,000 Shares as a second tranche of the Placement under and for the purposes of Listing Rule 7.1.

If this Resolution is passed, the Company will be able to proceed with the issue of this second tranche. In addition, the issue will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If this Resolution is not passed, the Company will not be able to proceed with the issue of this second tranche and the Company will not raise the sum of \$100,000 the subject of this issue.

3.2 Listing Rule 7.3

For Shareholders to approve the issue of the second tranche of the Placement Shares under and for the purposes of Listing Rule 7.1, the following information is provided to Shareholders in accordance with Listing Rule 7.3:

- (a) The Shares the subject of this Resolution will be issued to institutional investors (including

sophisticated and professional investors) exempt from or outside the disclosure requirements under Chapter 6D of the Corporations Act. Peak Asset Management Ltd acted as sole lead manager to the placement. None of the subscribers will be a related party of the Company.

- (b) The number of securities to issue is up to 1,000,000 Shares.
- (c) The Shares will be fully paid ordinary shares in the Company and rank equally with the Company's current issued Shares.
- (d) The Shares will be issued no later than 3 months after the date of the Meeting (or a later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (e) The Shares will be issued at an issue price of 10 cents each.
- (f) The purpose of the issue of the Shares is to raise funds as the second tranche of the Placement, which funds are intended to be used as set out in Section 1 above.
- (g) The Shares are being issued pursuant to the engagement of a lead manager placement agreement, the material term of which is Peak Asset Management Pty Ltd provides lead manager services in respect of the Placement for a fee of 6% of the moneys raised and will be issued with 7,500,000 Options (see Resolution 5).

4. RESOLUTION 4 – APPROVAL TO ISSUE PLACEMENT OPTIONS

4.1 Background

As referred to in Section 1 above, Resolution 3 is seeking approval under Listing Rule 7.1 to the issue of the Placement Options.

Information about Listing Rules 7.1 and 7.1A are set out in Section 2.1 above.

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

This Resolution seeks the required Shareholder approval to the issue of the Placement Options under and for the purposes of Listing Rule 7.1.

If this Resolution is passed, the Company will be able to proceed with the issue of the Placement Options. In addition, the issue will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If this Resolution is not passed, the Company will not be able to proceed with the issue of the Placement Options without utilising a refreshed Listing Rule 7.1 capacity.

4.2 Listing Rule 7.3

For Shareholders to approve the issue of the Placement Options under and for the purposes of Listing Rule 7.1, the following information is provided to Shareholders in accordance with Listing Rule 7.3:

- (a) The Placement Options will be issued to the subscribers of the Placement Shares, who are the institutional investors (including sophisticated and professional investors) exempt from or outside the requirements under Chapter 6D of the Corporations Act. None of these parties will be a related party of the Company.

- (b) The number of securities to issue is up to 14,768,637 Placement Options.
- (c) The Placement Options will have an exercise price of 15 cents and an expiry date of 3 years from their date of issue and application will be made for quotation of the Placement Options. The full terms of the Placement Options are set out in Schedule 1.
- (d) The Placement Options will be issued no later than 3 months after the date of the Meeting (or a later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (e) The Placement Options will be issued for nil cash consideration.
- (f) The purpose of the issue of the Placement Options is to incentivise the placees of the Placement to subscribe for the Placement Shares. No funds will be raised by the issue of the Placement Options.
- (g) The Placement Options are to be issued pursuant to a lead manager placement agreement, the material term of which is Peak Asset Management Pty Ltd provides lead manager services in respect of the Placement for a fee of 6% of the moneys raised and will be issued with 7,500,000 (see Resolution 5).

5. RESOLUTION 5 – APPROVAL TO ISSUE BROKER OPTIONS

5.1 Background

As referred to in Section 1 above, Resolution 5 is seeking approval under Listing Rule 7.1 to the issue of the Broker Options.

Information about Listing Rules 7.1 and 7.1A are set out in Section 2.1 above.

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

This Resolution seeks the required Shareholder approval to the issue of the Broker Options under and for the purposes of Listing Rule 7.1.

If this Resolution is passed, the Company will be able to proceed with the issue of the Broker Options. In addition, the issue will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If this Resolution is not passed, the Company will not be able to proceed with the issue of the Broker Options without utilising a refreshed Listing Rule 7.1 capacity.

5.2 Listing Rule 7.3

For Shareholders to approve the issue of the Broker Options under and for the purposes of Listing Rule 7.1, the following information is provided to Shareholders in accordance with Listing Rule 7.3:

- (a) The Broker Options will be issued to Peak Asset Management Pty Ltd or its nominees. None of these parties will be a related party of the Company.
- (b) The number of securities to issue is up to 7,500,000 Broker Options.
- (c) The Broker Options will have an exercise price of 15 cents and an expiry date of 3 years from their date of issue and application will be made for quotation of the Broker Options.

The full terms of the Broker Options are set out in Schedule 1. The Broker Options are on the same terms as the Placement Options.

- (d) The Broker Options will be issued no later than 3 months after the date of the Meeting (or a later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (e) The Broker Options will be issued for nil cash consideration.
- (f) The purpose of the issue of the Broker Options is it represents part of the fee payable to Peak Asset Management Pty Ltd for its lead manager services to the Placement. No funds will be raised by the issue of the Broker Options.
- (g) The Broker Options are to be issued pursuant to a lead manager placement agreement, the material term of which is Peak Asset Management Pty Ltd provides lead manager services in respect of the Placement for a fee of 6% of the moneys raised and will be issued with 7,500,000 Broker Options on the same terms as the Placement Options.

NANOLLOSE LIMITED
ACN 601 676 377

GLOSSARY

In the Notice and this Explanatory Statement the following expressions have the following meanings:

"**ASX**" means the ASX Limited (ACN 008 624 691).

"**ASX Listing Rules**" or "**Listing Rules**" means the Listing Rules of the ASX.

"**Board**" means the Board of Directors of the Company.

"**Broker Options**" means Options with an exercise price of 15 cents and an expiry date of 3 years from their date of issue, the full terms of which are set out in Schedule 1.

"**Chairman**" or "**Chair**" means the chairperson of the Company.

"**Company**" or "**NC6**" means Nanollose Limited (ACN 601 676 377).

"**Corporations Act**" means Corporations Act 2001 (Cth).

"**Directors**" mean the directors of the Company from time to time.

"**Explanatory Statement**" means this Explanatory Statement.

"**Meeting**" means the meeting convened by this Notice.

"**Notice**" means the notice of meeting that accompanies this Explanatory Statement.

"**Option**" means an option to subscribe for a Share.

"**Placement Options**" means Options with an exercise price of 15 cents and an expiry date of 3 years from their date of issue, the full terms of which are set out in Schedule 1.

"**Placement Shares**" means the Shares issued and to be issued the subject of the placement announced on 19 April and 23 April 2021.

"**Resolution**" means a resolution referred to in the Notice.

"**Share**" means a fully paid ordinary share in the capital of the Company.

"**Shareholder**" means a registered holder of Shares in the Company.

"**WST**" means Western Standard Time, Perth, Western Australia.

"**A\$**" "**AUD**" or "**\$**" means Australian dollars unless otherwise stated.

SCHEDULE 1

Terms of Placement Options and Broker Options (Resolutions 4 and 5)

The terms of the issue of each of the Options are:

1. Each Option entitles the holder to one Share in the capital of the Company.
2. The Options may be exercised at any time prior to 5:00pm WST on the date 3 years from the date of issue of the Options (Expiry Date).
3. The exercise price of the Options is 15 cents each.
4. Application will be made for the Options to be quoted on ASX and the Options will be freely tradeable under Australian law.
5. The Company will provide to each Option holder a notice that is to be completed when exercising the Options (Notice of Exercise). Options may be exercised by the Option holder in whole or in part by completing the Notice of Exercise and forwarding the same to the Secretary of the Company to be received prior to the Expiry Date. The Notice of Exercise must, among other things, state the number of Options exercised, the consequent number of Shares to be issued and the identity of the proposed allottee. The Notice of Exercise by an Option holder must be accompanied by payment in full for the relevant number of Shares being subscribed (Exercise Monies), being an amount of the exercise price per Share. The Options held by each Option holder may be exercised in whole or in part, and if exercised in part, multiples of 10,000 must be exercised on each occasion. Where less than 10,000 Options are held, all Options must be exercised together.
6. Within 5 Business Days of receipt of a valid Notice of Exercise accompanied by the relevant Exercise Monies, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise.
7. All Shares issued upon the exercise of the Options will rank equally in all respects with the Company's then issued Shares. The Company will apply to the ASX in accordance with the Listing Rules for all Shares issued pursuant to the exercise of Options to be admitted to quotation.
8. There are no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues or pro-rata issues of capital to Shareholders during the term of the Options. Thereby, the Option holder has no rights to a change in the exercise price of the Option or a change to the number of underlying securities over which the Option can be exercised (except for a bonus issue). The Company will ensure, for the purposes of determining entitlements to any issue, that Option holder will be notified of a proposed issue after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in such issues.
9. If there is a bonus issue (Bonus Issue) to Shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue (Bonus Shares). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue, and upon issue will rank equally in all respects with the other Shares on issue as at the date of issue of the Bonus Shares.
10. In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, all rights of the Option holder shall be reconstructed (as appropriate) in accordance with the Listing Rules.

Proxy Voting Form

If you are attending the meeting
in person, please bring this with you
for Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by **4.00pm (WST) on Tuesday, 15 June 2021**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

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

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at
<https://investor.automic.com.au/#/login>

or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



BY MAIL:

Automic
GPO Box 5193
Sydney NSW 2001

IN PERSON:

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL:

meetings@automicgroup.com.au

BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

WEBCHAT: <https://automicgroup.com.au/>

PHONE: 1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

