



**CardieX Limited**

ACN 113 252 234

**Notice of Annual General Meeting and  
Explanatory Statement**

**TIME:** 9.30am AEDST (Sydney time)

**DATE:** Friday, 30 November 2018

**PLACE:** BDO, Level 11, 1 Margaret St, Sydney NSW 2000

This Notice and Explanatory Statement should be read in its entirety.

If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

CardieX Limited ACN 113 252 234  
**NOTICE OF ANNUAL GENERAL MEETING**



Notice is given that the Annual General Meeting of Shareholders of CardieX Limited (**Company**) will be held at 9.30am AEDST on 30 November 2018 at BDO, Level 11, 1 Margaret St, Sydney NSW 2000 for the purposes of transacting the following business.

Terms used in this Notice and accompanying Explanatory Statement are defined in the glossary to this document.

The Explanatory Statement which accompanies and forms part of this Notice describes the matters to be considered at the Annual General Meeting.

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**1. FINANCIAL STATEMENTS AND REPORTS**

To receive and consider the annual financial statements, the directors' report and the audit report of the Company for the year ended 30 June 2018.

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**2. RESOLUTION 1: ADOPTION OF REMUNERATION REPORT**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as a **non-binding resolution**:

*"That, for the purpose of section 250R(2) of the Corporations Act and for all other purposes, the Company adopts the annual remuneration report as set out in the directors' report for the financial year ended 30 June 2018."*

**Voting exclusion:** The Company will disregard any votes cast on Resolution 1 by any member of the Key Management Personnel of the Company whose remuneration is included in the Remuneration Report, or a closely related party of such member. However, the Company will not disregard any votes cast on Resolution 1 by such person if:

- (a) the person is acting as proxy and the Proxy Form specifies how the proxy is to vote on the Resolution, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
- (b) the person is the Chair of the Meeting voting an undirected proxy and their appointment expressly authorises the Chair to exercise the proxy even though Resolution 1 is connected with the remuneration of the Key Management Personnel of the Company.

If you are a member of the Key Management Personnel of the Company or a closely related party of such person (or are acting on behalf of any such person) and purport to cast a vote (other than as a proxy as permitted in the manner set out above), that vote will be disregarded by the Company (as indicated above) and you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.

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**3. RESOLUTION 2: ELECTION OF MR. NIALL CAIRNS**

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

*"That Niall Cairns, who has been appointed to the Board since the Company's last annual general meeting and offers himself for election, be elected as a Director of the Company."*

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**4. RESOLUTION 3: RE-ELECTION OF MR. RANDALL KING NELSON**

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

*"That Randall King Nelson, being a Director of the Company, who retires by rotation in accordance with clause 6.1 of the Company's Constitution, and offers himself for re-election, be re-elected as a Director of the Company."*

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## 5. RESOLUTION 4: APPROVAL OF ADDITIONAL 10% PLACEMENT FACILITY

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as a **special resolution**:

*“That, for the purpose of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, for the purpose and on the terms set out in the Explanatory Statement accompanying this Notice of Annual General Meeting.”*

**Voting exclusion:** The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of:

- (a) a person who is expected to participate in, or who will obtain a material benefit as a result of, the issue of Equity Securities under the Additional 10% Placement Facility (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- (b) an associate of that person.

However, the Company will not disregard any votes cast on Resolution 4 by such person if:

- (a) the person is acting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person is the Chair of the Meeting acting 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.

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## 6. RESOLUTION 5: CONTINGENT RESOLUTION – HOLDING A SPILL MEETING

**Condition for Resolution 5:** Resolution 5 will be considered at the Meeting only if at least 25% of the votes cast on Resolution 1 are against the adoption of the Remuneration Report. The Explanatory Statement further explains the circumstances in which Resolution 5 will be put to the Meeting.

If the condition (described above) is satisfied, to consider, and if thought to fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, as required by section 250V of the Corporations Act:*

- (i) *another meeting of Shareholders be held within 90 days of the date of this Meeting (the **spill meeting**);*
- (ii) *all of the Company’s Directors at the time of the spill meeting who:*
  - (A) *were Directors when the resolution to make the Directors’ report for the financial year ended 30 June 2018 (considered at this Meeting) was passed; and*
  - (B) *are not a managing director of the Company, who may, in accordance with the ASX Listing Rules, continue to hold office indefinitely without being re-elected to the office, cease to hold office immediately before the end of the spill meeting; and*
- (iii) *resolutions to appoint persons to offices that will be vacated immediately before the end of the spill meeting be put to the vote at the spill meeting.”*

**Voting exclusion:** The Company will disregard any votes cast on Resolution 5 by any member of the Key Management Personnel of the Company whose remuneration is included in the Remuneration Report, or a closely related party of such member. However, the Company will not disregard any votes cast on Resolution 5 by such person if:

- (a) the person is acting as proxy and the Proxy Form specifies how the proxy is to vote on the Resolution, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
- (b) the person is the Chair of the Meeting voting an undirected proxy and their appointment expressly authorises the Chair to exercise the proxy even though Resolution 5 is connected with the remuneration of the Key Management Personnel of the Company.

If you are a member of the Key Management Personnel of the Company or a closely related party of such person (or are acting on behalf of any such person) and purport to cast a vote (other than as a proxy as permitted

in the manner set out above), that vote will be disregarded by the Company (as indicated above) and you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.

**DATED: 30 OCTOBER 2018**

**BY ORDER OF THE BOARD**

A handwritten signature in blue ink, appearing to read 'Jarrod White', with a large, stylized flourish extending to the right.

**Jarrod White**  
**Company Secretary | Chief Financial Officer**



## **INFORMATION FOR SHAREHOLDERS WITH REGARD TO VOTING ARRANGEMENTS**

The following information forms part of the Notice of Annual General Meeting 2018.

### **Voting Entitlements**

For the purpose of the Annual General Meeting, the Company has determined that all securities of the Company that are quoted securities at 7:00pm Australian Eastern Daylight Time on 28 November 2018 will be taken, for the purpose of the AGM, to be held by the persons who were registered holders at that time. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.

### **Proxies**

A Shareholder has the right to appoint a proxy who need not be a Shareholder of the Company.

If a Shareholder is entitled to two or more votes they may appoint two proxies and may specify the percentage of votes each proxy is appointed to exercise.

The Proxy Form (which is enclosed with this Notice of Meeting) and any power of attorney or authority under which they are signed must be received at the share registry of the Company:

#### **c/- Link Market Services Ltd**

Locked Bag A14

Sydney South, NSW 1235, Australia or:

#### **At the Company's Registered Office**

Suite 11, 1059-1063 Victoria Rd

West Ryde, NSW 2114, Australia,

#### **By Hand**

Link Market Services Limited

1A Homebush Bay Drive, Rhodes NSW 2138; or

Level 12, 680 George Street, Sydney NSW 2000 or

by facsimile to Link Market Services Ltd on +61 (2) 9287 0309 or

online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) at least 48 hours prior to the AGM (i.e. by no later than **9:30am Australian Eastern Daylight Time on 28 November 2018**) or any adjournment.

Any Proxy Form received after this deadline, including at the Meeting, will be invalid.

## EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's Annual General Meeting to be held at 9.30am AEDST on 30 November 2018 at BDO, Level 11, 1 Margaret St, Sydney NSW 2000.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice of Meeting.

This Explanatory Statement should be read in conjunction with the Notice of Meeting preceding this Explanatory Statement. Capitalised terms in this Explanatory Statement are defined in the glossary to this document.

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### 1. FINANCIAL STATEMENTS AND REPORTS

The Corporations Act requires the annual financial report, directors' report and the auditor's report (**Annual Financial Statements**) be received and considered at the Annual General Meeting. The Annual Financial Statements for the period ended 30 June 2018 are included in the Company's annual financial report, a copy of which can be accessed on-line at <https://atcormedical.com/investors/>. Alternatively, a hard copy will be made available on request.

There is no requirement for Shareholders to approve these reports and no vote will be taken on the Annual Financial Statements. However, Shareholders attending the Annual General Meeting will be given a reasonable opportunity to ask questions about, or make comments on, the Annual Financial Statements and the management of the Company.

The Company's auditor, BDO East Coast Partnership, will be present at the Annual General Meeting and Shareholders will have the opportunity ask the auditor questions in relation to the conduct of the audit, the auditor's report, the Company's accounting policies, and the independence of the auditor.

In addition to taking questions at the Meeting, written questions to the Chair about the management of the Company, or to the Company's auditor about:

- (a) the preparation and content of the auditor's report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the Annual Financial Statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the meeting date:

In person or post to: Suite 11, 1059-1063 Victoria Road West Ryde NSW 2114  
By email to: [jwhite@cardiex.com](mailto:jwhite@cardiex.com)

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### 2. RESOLUTION 1: ADOPTION OF REMUNERATION REPORT

#### 2.1 Background

Pursuant to Section 250R(2) of the Corporations Act, the Company submits to Shareholders for consideration and adoption, by way of a non-binding resolution, its remuneration report for the financial year ended 30 June 2018 (the **Remuneration Report**). The Remuneration Report is a distinct section of the annual directors' report (the **Directors' Report**) which deals with the remuneration of Directors, executives and senior managers of the Company. More particularly, the Remuneration Report can be found within the Directors' Report in the Company's 2018 Annual Report. The Annual Report is available on the Company's website at <https://atcormedical.com/investors/>.

By way of summary, the Remuneration Report:

- (a) explains the Company's remuneration policy and the process for determining the remuneration of its Directors and executive officers;
- (b) addresses the relationship between the Company's remuneration policy and the Company's performance; and
- (c) sets out the remuneration details for each Director and executive officer named in the Remuneration Report for the financial year ended 30 June 2018.

The remuneration levels for Directors, executives and senior managers are competitively set to attract and retain appropriate Directors and key management personnel.

The Chair of the Annual General Meeting will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on, the Remuneration Report.

## 2.2 Regulatory Requirements

The Corporations Act provides that Resolution 1 need only be an advisory vote of Shareholders and does not bind the Directors. However, the Corporations Act provides that if the Company's Remuneration Report resolution receives a "no" vote of 25% or more of votes cast at the Annual General Meeting, the Company's subsequent Remuneration Report must explain the Board's proposed action in response or, if the Board does not propose any action, the Board's reasons for not making any changes. The Board will take into account the outcome of the vote when considering the remuneration policy, even if it receives less than a 25% "no" vote.

Since the last Annual General Meeting there have been several Board changes including the appointment of a new Director and the consolidation of the Board from a total of six Directors to four. Additionally two of those incoming Directors have supported the reorganisation, investment and expansion of the Company which has not only seen a decrease in total Directors remuneration, but also an increase in funding and strengthening of the Company at a Board level.

In addition, sections 250U and 250V of the Corporations Act sets out a "two strikes" re-election process, pursuant to which:

- (a) if, at a subsequent annual general meeting (**Later Annual General Meeting**), at least 25% of the votes cast on a resolution that the remuneration report be adopted are against the adoption of that remuneration report;
- (b) at the immediately preceding annual general meeting (**Earlier Annual General Meeting**), at least 25% of the votes cast on a resolution that the remuneration report be adopted were against the adoption of that remuneration report; and
- (c) a resolution was not put to the vote at the Earlier Annual General Meeting under an earlier application of section 250V of the Corporations Act,

then the Company must put to vote at the Later Annual General Meeting a resolution, requiring Shareholders to vote on whether the Company must hold another general meeting (**Spill Meeting**) to consider the appointment of all of the Directors at the time the Directors' Report was approved by the Board who must stand for re-appointment (other than the managing director) (**Spill Resolution**). The Spill Resolution may be passed as an ordinary resolution.

If the Spill Resolution is passed, the Spill Meeting must be held within 90 days after the Spill Resolution is passed. All of the Company's Directors who were Directors at the time when the resolution to make the Directors' Report was passed (excluding the managing director of the Company who may, in accordance with the Listing Rules, continue to hold office indefinitely without being re-elected to the office) cease to hold office immediately before the end the Spill Meeting and may stand for re-election at the Spill Meeting.

At the 2017 annual general meeting, 25% or more of the votes cast in respect of the 2017 remuneration report were against the adoption of the 2017 remuneration report.

Accordingly, if at least 25% of the votes cast in respect of the 2018 Remuneration Report are against the adoption of the 2018 Remuneration Report, the Spill Resolution will be put to the Meeting as the final item of business (see Resolution 5 below).

Further detail is included in this Explanatory Statement regarding the Spill Resolution (see Resolution 5 below).

### **2.3 Board Recommendation**

The Board unanimously recommends that Shareholders vote in favour of Resolution 1.

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## **3. RESOLUTION 2: ELECTION OF MR. NIALL CAIRNS AS A DIRECTOR**

### **3.1 Background**

Niall Cairns was appointed as a Director of the Company on 20 December 2017 as an additional Director to the Board.

In accordance with Listing Rule 14.1 and clause 6.1 of the Company's Constitution, a Director appointed as an addition to the Board must not hold office, without election, past the next annual general meeting of the Company.

### **3.2 Biography**

Niall Cairns was appointed as non-executive director of the Company on 20 December 2017. He is also the Chairman of the Company's Audit and Risk Committee and Nomination and Remuneration Committee.

Niall is a joint managing director and co-founder of Kestrel Capital Pty Ltd, a Sydney-based private equity manager focused on growth companies with global opportunities in the resources, IT, niche manufacturing and services sectors. As an experienced growth company investor and developer, Niall has over 25 years of direct seed, private equity and listed company experience. In 1993, Niall cofounded Kestrel Capital. Since then, he has raised six funds, led the investments and been a director of companies such as Australian Helicopters, Gale Pacific (AVCAL award winner), Intrapower and Tru-Test.

### **3.3 Board recommendation**

The Directors (other than Mr. Cairns) recommend that shareholders vote in favour of this Resolution.

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## **4. RESOLUTION 3: RE-ELECTION OF MR. RANDALL KING NELSON AS A DIRECTOR**

### **4.1 Background**

Clause 6.1(f) of the Company's Constitution requires that at least one third of directors (not including the Managing Director or any person appointed as an addition to the Board and also standing for election), rounded down to the nearest whole number, must retire from office at each Annual General Meeting as must any Director who has been in office for three or more years at the conclusion of the Meeting or it is three or more AGM's since he or she was last elected to office. Accordingly, Mr. Randall King Nelson is offering himself for re-election in accordance with clause 6.1(f) of the Company's Constitution as he was last elected to office at the Company's 2015 annual general meeting.

### **4.2 Biography**

Mr. Nelson brings more than 30 years of diverse experience and expertise with medical devices. He is a former President and CEO of Uptake Medical Corporation, a company focused on treatments for emphysema and lung cancer. Previously, he served as president and CEO of Kerberos Proximal Solutions, which was acquired by FoxHollow Technologies, and as president and CEO of VenPro, a heart valve business acquired by Medtronic. Both these companies specialized in devices for the cardiovascular system. Prior to that, he spent 19 years with Baxter International and American Hospital Supply Corporation in roles of increasing responsibility that included division president for Dade Diagnostics, Bentley Labs, and Baxter's Perfusion Services.

### 4.3 Board recommendation

The Directors (other than Mr. Nelson) recommend that shareholders vote in favour of this Resolution.

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## 5. RESOLUTION 4: APPROVAL OF ADDITIONAL 10% PLACEMENT CAPACITY

### 5.1 Background

Listing Rule 7.1A enables an eligible entity to issue Equity Securities totalling up to 10% of its issued ordinary share capital through placements over a 12 month period following the entity's annual general meeting (**Additional 10% Placement Facility**). The Additional 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less, at the time of the entity's annual general meeting. If the Company does not meet the eligibility criteria on the date of the Meeting, the Resolution will be withdrawn and Shareholders will not be required to vote on this Resolution.

Resolution 4 seeks Shareholder approval to enable the Company to issue Equity Securities under the Additional 10% Placement Facility throughout the 12 months after the Annual General Meeting. The effect of Resolution 4 will be to allow the Directors to issue Equity Securities under Listing Rule 7.1A during the period set out below in section 5.2(c).

Resolution 4 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote at the Annual General Meeting (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

Equity Securities issued under the Additional 10% Placement Facility must be in the same class as an existing class of quoted Equity Securities of the Company. As at the date of this Notice of Annual General Meeting, the Company has on issue two classes of quoted Equity Securities, being Shares (ASX:CDX) and Listed Options (ASX:CDXO).

The exact number of Equity Securities that the Company may issue under the Additional 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2.

### 5.2 Listing Rule 7.3A Requirements

In compliance with the information requirements of Listing Rule 7.3A, Shareholders are advised of the following information:

#### (a) Minimum Issue Price

The issue price of Equity Securities issued under the Additional 10% Placement Facility must not be lower than 75% of the volume weighted average price for securities in the same class calculated over the 15 trading days on which trades in that class were conducted immediately before:

- (i) the date on which the Equity Securities are issued; or
- (ii) the date on which the price of Equity Securities is agreed, provided that the issue is thereafter completed within 5 business days.

#### (b) Dilution

As at the date of this Notice of Annual General Meeting, the Company has 532,818,794 Shares on issue. Accordingly, if Shareholders approve Resolution 4, the Company will have the capacity to issue approximately 53,281,879 Equity Securities under the Additional 10% Placement Facility in accordance with Listing Rule 7.1A.

The precise number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the following formula:

**(A x D) – E**

Where:

- A =** the number of fully paid ordinary shares on issue 12 months before the date of issue or agreement:
- (i) plus the number of fully paid ordinary shares issued in the 12 months under an exception in Listing Rule 7.2;
  - (ii) plus the number of partly paid ordinary shares that became fully paid in the 12 months;
  - (iii) plus the number of fully paid ordinary shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4; and
  - (iv) less the number of fully paid ordinary shares cancelled in the 12 months.

*Note that A is has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.*

**D =** 10%

**E =** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

If Resolution 4 is approved by Shareholders and the Company issues Equity Securities under the Additional 10% Placement Facility, existing Shareholders' voting power in the Company will be diluted as shown in the table below. There is a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
- (v) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice of Annual General Meeting.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.0215 50% decrease in Issue Price	\$0.043 Issue Price	\$0.0645 50% increase in Issue Price
Current Variable A 532,818,794 Shares	Shares issued (10% Voting Dilution)	53,281,879 New Shares	53,281,879 New Shares	53,281,879 New Shares
	Funds raised	\$1,145,560	\$2,291,121	\$3,436,681
50% increase in current Variable A 799,228,191 Shares	Shares issued (10% Voting Dilution)	79,922,819 New Shares	79,922,819 New Shares	79,922,819 New Shares
	Funds raised	\$1,718,341	\$3,436,681	\$5,155,022
100% increase in current Variable A 1,065,637,588 Shares	Shares issued (10% Voting Dilution)	106,563,758 New Shares	106,563,758 New Shares	106,563,758 New Shares
	Funds raised	\$2,291,121	\$4,582,242	\$6,873,362

**The table has been prepared on the following assumptions:**

- Variable A is 532,818,794 being the number of Shares on issue at the date of this Notice of Meeting.
- The Company issues the maximum number of Equity Securities available under the Additional 10% Placement Facility.
- No options or performance rights are exercised into Shares before the date of issue of the Equity Securities.  
  
The Company currently has 24 million performance rights and 150,050,958 Options on issue.
- The Company has not issued any other Equity Securities using its placement capacity under Listing Rule 7.1 or 7.1A in the 12 months preceding this Notice of Meeting.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- The issue price is \$0.043, being the closing price of the Shares on ASX on 19 October 2018.

**(c) Issue Period**

If Shareholders approve Resolution 4, the Company will have a mandate to issue Equity Securities under the Additional 10% Placement Facility under Listing Rule

7.1A from the date of the Annual General Meeting until the earlier of the following to occur:

- (i) the date that is 12 months after the date of the Annual General Meeting; and
- (ii) the date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(the **Additional 10% Placement Period**).

The Company will only issue and allot Equity Securities during the Additional 10% Placement Period.

**(d) Purpose of issues**

At the date of this Notice of Annual General Meeting, the Company has not identified any persons to whom it intends to offer securities under Listing Rule 7.1A. In the event that the Company issues any Shares under Listing Rule 7.1A, the funds raised from such an issue would be used by the Company to advance its business activities and/or to provide working capital. While no transactions are currently contemplated, it is possible that securities issued under Listing Rule 7.1A may be issued for non-cash consideration.

**(e) Allocation policy**

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the Additional 10% Placement Facility. The identity of the persons to whom Equity Securities will be issued to will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The persons to whom Equity Securities will be issued under the Additional 10% Placement Facility have not been determined as at the date of this Notice but may include existing Shareholders and/or new Shareholders who, in either case, are not related parties or associates of a related party of the Company. Further, if the Company is successful in acquiring new assets or investments, it is likely that the persons to whom Equity Securities will be issued to under the Additional 10% Placement Facility will be the vendors of the new assets or investments.

**(f) Previous issues of Equity Securities under Listing Rule 7.1A**

The Company has not previously obtained Shareholder approval under Listing Rule 7.1A and accordingly has not issued any Equity Securities pursuant to Listing Rule 7.1A in the 12 months preceding the date of the Annual General Meeting.

**(g) Voting exclusion statement**

A voting exclusion statement for Resolution 4 is included in the Notice of Annual General Meeting preceding this Explanatory Statement.

As at the date of this Notice of Annual General Meeting, the Company has not approached any particular existing security holder or an identifiable class of existing security holders to participate in the issue of the Equity Securities. Accordingly, the proposed persons to whom any Equity Securities may be issued under the Additional 10% Placement Facility are not as yet known or identified.

In these circumstances, for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of any Equity Securities issued under the Additional 10% Placement Facility), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted, and there is no reason to exclude their votes.

### **5.3 Board recommendation**

The Board believes that the Additional 10% Placement Facility is beneficial for the Company as it will give the Company the flexibility to issue further securities representing up to 10% of the Company's share capital during the next 12 months. Accordingly, the Board unanimously recommends that Shareholders approve Resolution 4.

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## **6. RESOLUTION 5: CONDITIONAL RESOLUTION – HOLDING A SPILL MEETING**

### **6.1 Background**

As discussed in the Explanatory Statement for Resolution 1 (Adoption of Remuneration Report), if at least 25% of the votes cast in respect of the adoption of the 2018 Remuneration Report are against the adoption of that report, the Spill Resolution (as defined in the Explanatory Statement to Resolution 1) will be put to the Meeting.

If less than 25% of the votes cast in respect of the adoption of the 2018 Remuneration Report are against the adoption of that report, the Spill Resolution will be withdrawn and not be put to the Meeting.

If the Spill Resolution is put to the Meeting and passed, the Company will be required to hold the Spill Meeting within 90 days after the Spill Resolution is passed. All of the Company's Directors who were Directors at the time when the resolution to make the Directors' Report was passed (excluding any Managing Director of the Company who may, in accordance with the Listing Rules, continue to hold office indefinitely without being re-elected to the office) cease to hold office immediately before the end of the Spill Meeting and may stand for re-election at the Spill Meeting.

Shareholders will be able to put forward their own nominees for consideration at the Spill Meeting.

The vote on Resolution 5 will be by way of poll, if it is required to be put to the Meeting.

### **6.2 Board comment and recommendation**

Shareholders should be aware that if a Spill Meeting is required to be convened, this will result in the Company incurring material additional expense in conducting a meeting as well as potential disruption to the running of the Company as a result of management distraction, the logistics involved in organising the Spill Meeting and the diversion of resources. This course of action should therefore be considered extremely carefully by Shareholders.

Further, Shareholders should note that, although voting exclusions apply in respect of the Spill Resolution (refer to the Notice of Annual General Meeting preceding this Explanatory Statement):

- (a) there are no voting exclusions applicable to the resolutions appointing Directors at the subsequent Spill Meeting. Accordingly there is no barrier for the existing major Shareholders exercising their voting rights to support the reappointment of the existing Directors at the subsequent Spill Meeting; and
- (b) if the Spill Resolution is passed, each of the outgoing Directors intends to stand for re-election at the Spill Meeting and to vote their own shares in support of their re-appointment.

**The Board unanimously recommends that Shareholders vote against Resolution 5, if it is required to be put to the Meeting.**

**The Chair of the Annual General Meeting intends to vote all undirected proxies against Resolution 5, if it is required to be put to the Meeting.**

## Glossary

**Additional 10% Placement Facility** has the meaning given in section 5.1 of the Explanatory Statement;

**AEDST** means Australian Eastern Daylight-Saving Time.

**Associated Body Corporate** means a:

- (a) related body corporate of the Company under section 50 of the Corporations Act;
- (b) body corporate that has voting power in the Company of not less than 20%; or
- (c) body corporate in which the Company has voting power of not less than 20%;

**ASX** means ASX Limited or the securities market operated by ASX Limited, as the context requires;

**Board** means the board of Directors;

**Chair** means the chair of the Meeting;

**Company** means CardieX Limited ABN 62 113 252 234;

**Constitution** means the constitution of the Company;

**Corporations Act** means the *Corporations Act 2001* (Cth);

**Director** means a director of the Company;

**Equity Securities** has the meaning given in the Listing Rules;

**Explanatory Statement** means the explanatory statement that accompanies this Notice of Annual General Meeting;

**Key Management Personnel** has the meaning given by section 9 of the Corporations Act;

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

**Meeting, AGM or Annual General Meeting** means the general meeting convened by this Notice of Annual General Meeting;

**Notice** or **Notice of Meeting** or **Notice of Annual General Meeting** means this notice of Annual General Meeting;

**Option** means an option to acquire an unissued Share.

**Performance Right** means an entitlement to a Share subject to the satisfaction of performance conditions;

**Proxy Form** means the proxy form enclosed with this Notice;

**Resolution** means a resolution contained in this Notice;

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

**Shareholder** means the holder of a Share;

**Spill Meeting** has the meaning given in section 2.2 of the Explanatory Statement; and

**Spill Resolution** has the meaning given in section 2.2 of the Explanatory Statement.

## LODGE YOUR VOTE



### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)



### BY MAIL

CardieX Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia



### BY FAX

+61 2 9287 0309



### BY HAND

Link Market Services Limited  
1A Homebush Bay Drive, Rhodes NSW 2138; or  
Level 12, 680 George Street, Sydney NSW 2000



### ALL ENQUIRIES TO

Telephone: 1800 678 246

Overseas: +61 1800 678 246

## LODGE A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given above by **9:30am (AEDST) on Wednesday, 28 November 2018**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the reverse of this Proxy Form).



### BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.

### QR Code



## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### APPOINTMENT OF PROXY

If you wish to appoint the Chair of the Meeting as your proxy, mark the box in Step 1. 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 in Step 1. A proxy need not be a shareholder of the Company.

### DEFAULT TO 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 those 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 Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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

### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

# PROXY FORM

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

STEP 1

## APPOINT A PROXY

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 you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **9:30am (AEDST) on Friday, 30 November 2018 at BDO, Level 11, 1 Margaret St, Sydney NSW 2000** (the Meeting) and at any postponement or adjournment of the Meeting.

**Important for Resolutions 1 and 5:** If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1 and 5, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

STEP 2

## VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an

### Ordinary Business

- 1 Adoption of Remuneration Report
- 2 Election of Mr Niall Cairns as a Director
- 3 Re-election of Mr Randall King Nelson as a Director
- 4 Approval of Additional 10% Placement Capacity

For Against Abstain\*

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chair of the Meeting intends to vote all available proxies FOR Items 1, 2, 3 and 4.

### Contingent Resolution

- 5 Hold a Spill Meeting

Note: Item 5 will only be considered at the Annual General Meeting if the condition described in the Notice of Meeting is satisfied.

The Chair of the Meeting intends to vote all available proxies AGAINST Item 5.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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\* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

## SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

CDX PRX1801D

