

18 December 2023

Dear Shareholders

GENERAL MEETING

Nanollose Limited (ASX: NC6) (**Company**) is holding a General Meeting of its shareholders (**Shareholders**) on Thursday, 25 January 2024 at 12.00pm (WST) at Suite 7, 145 Stirling Highway, Nedlands WA (**Meeting**).

In accordance with sections 110C-110H and 110J-110K of the Corporations Act 2001 (Cth), as amended by the Corporations Act Amendment (Act 2022 (Cth) **Meetings and Documents**), the Company will not be dispatching physical copies of the Notice of Meeting (**Notice**) to Shareholders unless a shareholder has previously requested a hard copy. Instead, a copy of the Notice is available at the following link and has also been lodged on the Australian Securities Exchange (**ASX**): www.asx.com.au (ASX: NC6)

If you have nominated an email address and have elected to receive electronic communications from the Company, you will also receive an email to your nominated email address with a link to an electronic copy of the Notice.

In order to receive electronic communications from the Company in the future, please update your Shareholder details online at <https://investor.automic.com.au/> and log in with your unique shareholder identification number and postcode (or country for overseas residents).

You may vote by attending the Meeting in person, by proxy or by appointing an authorised representative. To vote in person, attend the Meeting at the time, date and place set out above.

To vote by proxy, please complete and sign the proxy form attached to the Notice (**Proxy Form**) and return it by the time and in accordance with the instructions set out in the Proxy Form.

In accordance with section 249L of the Corporations Act 2001 (Cth) (**Corporations Act**), Shareholders are advised that:

- each shareholder has a right to appoint a proxy;
- the proxy need not be a shareholder of the Company; and
- a shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the shareholder appoints two proxies and the appointment does not specify the proportion or number of the shareholder's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Proxy Forms must be received by 12.00pm (AWST) on Tuesday, 23 January 2024.

Details on how to lodge your Proxy Form can be found in the Proxy Form. If you have any questions about your Proxy Form or are unable to access the Notice, please contact our share registry:

Telephone (within Australia): 1300 288 664

Telephone (outside Australia): +61 2 9698 5414

Email: hello@automicgroup.com.au

Website: <https://investor.automic.com.au/>

This Notice is given based on circumstances as at the date of this letter. Should circumstances change, the Company will make an announcement on the ASX market announcements platform and on the Company's website at www.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.

Yours faithfully

Nanollose Limited

NANOLLOSE LIMITED

ACN 601 676 377

NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 12.00pm (WST)

DATE: Thursday, 25 January 2024

PLACE: Suite 7, 145 Stirling Highway, Nedlands WA

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

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.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4.00pm (WST) on Tuesday, 23 January 2024.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF PLACEMENT SHARES

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

"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 10,000,000 Placement Shares at \$0.025 each on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

2. RESOLUTION 2 – 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, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 10,000,000 free-attaching Placement Options on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

3. RESOLUTION 3 – APPROVAL TO ISSUE SPP SECURITIES

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

"That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 20,000,000 SPP Shares and 20,000,000 free-attaching SPP Options on the terms and conditions set out in the Explanatory Statement."

4. RESOLUTION 4 – APPROVAL FOR DIRECTOR PARTICIPATION IN SPP – WAYNE BEST

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

"That, for the purposes of section 195(4) of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 1,200,000 Director Participation Shares and up to 1,200,000 free-attaching Director Participation Options to Wayne Best (or his nominee) on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

5. RESOLUTION 5 – APPROVAL FOR DIRECTOR PARTICIPATION IN SPP – WINTON WILLESEE

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

"That, for the purposes of section 195(4) of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue

up to 1,200,000 Director Participation Shares and up to 1,200,000 free-attaching Director Participation Options to Winton Willesee (or his nominee) on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

6. RESOLUTION 6 – APPROVAL FOR DIRECTOR PARTICIPATION IN SPP – HEIDI BEATTY

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

"That, for the purposes of section 195(4) of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 1,200,000 Director Participation Shares and up to 1,200,000 free-attaching Director Participation Options to Heidi Beatty (or her nominee) on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

7. RESOLUTION 7 – APPROVAL TO ISSUE SHORTFALL SECURITIES

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

"That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 20,000,000 Shortfall Shares and up to 20,000,000 free-attaching Shortfall Options on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

Dated: 18 December 2023

By order of the Board
Winton Willesee
Director

Voting exclusion statements

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the resolution set out below by or on behalf of the following persons:

Resolution 1 – Ratification of prior issue of Placement Shares	A person who participated in the issue or is a counterparty to the agreement being approved (namely the Placement Participants) or an associate of that person or those persons.
Resolution 2 – Approval to issue Placement Options	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 Company) (namely the Placement Participants) or an associate of that person (or those persons).
Resolution 4 – Approval for Director Participation in SPP – Wayne Best	Wayne Best (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
Resolution 5 – Approval for Director Participation in SPP – Winton Willesee	Winton Willesee (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
Resolution 6 – Approval for Director Participation in SPP – Heidi Beatty	Heidi Beatty (or her nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
Resolution 7 – Approval to issue Shortfall Securities	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 Company) or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair 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 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, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two (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.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Voting in person

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

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 (8) 9389 3120.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. BACKGROUND TO RESOLUTIONS

1.1 General

On 15 November 2023, the Company announced it had received firm commitments from new and existing professional, sophisticated and institutional investors for a placement of 10,000,000 Shares (**Placement Shares**) at an issue price of \$0.025 each to raise \$250,000 (before costs) (**Placement**). The Placement Shares were issued on 21 November 2023 pursuant to the Company's available placement capacity under ASX Listing Rule 7.1. Shareholder ratification of the issue of the Placement Shares is sought under Resolution 1 of this Notice.

The Company also announced on 15 November 2023 that it intended to undertake a securities purchase plan offer to Shareholders (**SPP**) (including a shortfall offer (**Shortfall Offer**)) to raise up to an additional \$500,000 via the offer of up to 20,000,000 Shares (**SPP Shares**) at an issue price of \$0.025 each. Shareholder approval of the issue of up to 20,000,000 SPP Shares to non-related party Shareholders is sought under Resolution 3 of this Notice.

Directors, Wayne Best, Winton Willesee and Heidi Beatty (or their respective nominees) (the **Related Parties**) wish to participate in the SPP by subscribing for up to an aggregate of 3,600,000 SPP Shares (**Director Participation Shares**) together with one free attaching Option for every one Director Participation Share issued to them (**Director Participation Options**).

Additionally, the Company is seeking Shareholder approval under Resolution 7 of this Notice for the issue of up to 20,000,000 Shares which constitutes the maximum shortfall from the SPP (**Shortfall Shares**) at an issue price of \$0.025 each.

In addition to the Shares offered under the Placement and the SPP, the Company is seeking Shareholder approval to enable participants in the Placement and the SPP (including the Shortfall Offer) to also receive one free attaching Option for every one Share issued to them. The terms of the Options offered under the Placement and the SPP are set out in Schedule 1.

Specifically, the Company is seeking Shareholder approval under:

- (a) Resolution 2 of this Notice to issue up to 10,000,000 Options free attaching to the Placement Shares issued under the Placement (**Placement Options**);
- (b) Resolution 3 of this Notice to issue up to 20,000,000 Options free attaching to the SPP Shares (**SPP Options**);
- (c) Resolutions 4 to 6 of this Notice to issue up to 1,200,000 Director Participation Options free attaching to the Director Participation Shares to each of the Related Parties; and
- (d) Resolution 7 of this Notice to issue up to 20,000,000 Shortfall Shares and up to 20,000,000 Options free attaching to the Shortfall Shares (**Shortfall Options**).

Further details regarding the SPP will be set out in a prospectus to be lodged by the Company with the ASIC and ASX shortly.

1.2 Lead Manager

Copeak Corporate Pty Ltd <The Trustee for Peak Asset Management Unit Trust> (ACN 632 277 144) (**Peak**) has acted as lead manager to the Placement and SPP pursuant to an engagement letter dated 9 November 2023 (**Lead Manager Mandate**). Under the Lead Manager Mandate, the Company has agreed to pay Peak a 6% capital raising fee on all funds raised under the Placement and a 1% management fee on all funds raised under the SPP.

1.3 Use of Funds

The Company intends to apply the funds raised under the Placement and the SPP toward completion of third pilot production of the Company's Nullarbor™ fibres and fabrics and commercialisation of the Company's Biollose™ technology as well as for general working capital and to fund the expenses of the Placement and SPP.

2. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF PLACEMENT SHARES

2.1 General

As set out in Section 1.1 above, on 21 November 2023 the Company completed the issue of 10,000,000 Placement Shares to raise \$250,000 under the Placement. The issue of the Placement Shares did not breach Listing Rule 7.1 at the time of the issue. Resolution 1 seeks Shareholder ratification for the prior issue of the Placement Shares.

2.2 Listing Rules 7.1

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 12 month period.

Under Listing Rule 7.1A, 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%. The Company obtained approval to increase its limit to 25% at the annual general meeting held on 24 November 2023.

The issue of the Placement Shares does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of issue of the Placement Shares.

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 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 in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking

Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Placement Shares.

2.3 Technical information required by Listing Rule 14.1A

If Resolution 1 is passed, the Placement Shares will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12-month period following the date of issue of the Placement Shares.

If Resolution 1 is not passed, the Placement Shares will be included in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12-month period following the date of issue of the Placement Shares.

2.4 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 1:

- (a) the Placement Shares were issued to new and existing professional, sophisticated and institutional investors (**Placement Participants**) identified by the Directors and with the assistance of Peak seeking expressions of interest to participate in the Placement;
- (b) in accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that none of the Placement Participants were:
 - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
 - (ii) issued more than 1% of the issued capital of the Company, except for 10 Bolivianos Pty Ltd (ACN 620 725 902) (**10 Bolivianos**), a company associated with Peak who was issued 2,780,000 Placement Shares;
- (c) 10,000,000 Placement Shares were issued and the Placement 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;
- (d) the Placement Shares were issued on 21 November 2023;
- (e) the issue price of the Placement Shares was \$0.025. The Company has not and will not receive any other consideration for the issue of the Placement Shares;
- (f) the purpose of the issue of the Placement Shares was to raise \$250,000 which will be applied towards the items set out in Section 1.3; and
- (g) the Placement Shares were not issued under an agreement.

3. RESOLUTION 2 – APPROVAL TO ISSUE PLACEMENT OPTIONS

3.1 General

As set out in Section 1.1 above, the Placement includes the offer of one free-attaching Placement Option for every one Placement Share subscribed for under the Placement, subject to Shareholder approval. Based on the number of Shares subscribed for and issued under the Placement, the Company is seeking approval to issue 10,000,000 Placement Options to those investors who participated in the Placement and received Placement Shares.

3.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is set out in Section 2.2 above. The proposed issue of the Placement Options falls within exception 17 of Listing Rule 7.2. It therefore requires the approval of Shareholders under Listing Rule 7.1.

3.3 Technical information required by Listing Rule 14.1A

If Resolution 2 is passed, the Company will be able to proceed with the issue of the Placement Options. In addition, the issue of the Placement Options 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 Resolution 2 is not passed, the Company will not be able to proceed with the issue of the Placement Options. Resolution 2 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Placement Options.

3.4 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 2:

- (a) the Placement Options are proposed to be issued to the Placement Participants;
- (b) in accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that none of the Placement Participants will be:
 - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
 - (ii) issued more than 1% of the issued capital of the Company, except for 10 Bolivianos, a company associated with Peak who are to be issued 2,780,000 Placement Options;
- (c) the maximum number of Placement Options to be issued is 10,000,000;
- (d) the terms and conditions of the Placement Options are set out in Schedule 1;
- (e) the Placement Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules);

- (f) the issue price will be nil, as the Placement Options are free attaching to the Placement Shares. No funds will be raised from the issue of the Placement Options (other than in respect of funds received on exercise of the Placement Options);
- (g) the purpose of the issue of the Placement Options is to incentivise participants in the Placement;
- (h) the Placement Options are not being issued under an agreement; and
- (i) the Placement Options are not being issued under, or to fund, a reverse takeover.

4. RESOLUTION 3 – APPROVAL TO ISSUE SPP SECURITIES

4.1 General

As set out in Section 1.1 above, the Company is seeking Shareholder approval for the purposes of Listing Rule 7.1 for the issue of up to 20,000,000 SPP Shares and 20,000,000 free attaching SPP Options (being one Option for every one Share subscribed for and issued pursuant to the SPP) to non-related party Shareholders.

4.2 Listing Rules 7.1 and 7.2

A summary of Listing Rule 7.1 is set out in Section 2.2 above. Exception 5 of Listing Rule 7.2 generally provides that where:

- (a) the total number of securities issued under a security purchase plan offer to shareholders will not equate to more than 30% of shares on issue at the issue date of the securities; and
- (b) the issue price of the securities is equal to or greater than 80% of the volume weighted average price (**VWAP**) of securities in that class for the five-day period in which trading in the securities occurred before the date of the announcement of the security purchase plan,

then the securities issued under the security purchase plan will be excluded from calculating the company's available capacity under Listing Rule 7.1.

The SPP Shares are being offered at \$0.025 which is 78.12% of the VWAP of the Shares for the five-day period in which Shares were tradable before the SPP was announced, being \$0.032. The Company cannot therefore rely on exception 5 of Listing Rule 7.2 to issue the SPP Shares and has determined to issue the SPP Shares and the SPP Options (**SPP Securities**) subject to Shareholder approval in order that Shareholders can participate in the Company's capital raising activities at the same price as the Placement Participants subscribed for their Placement Shares.

Accordingly, the proposed issue of the SPP Securities falls within exception 17 of Listing Rule 7.2 and therefore requires the approval of Shareholders under Listing Rule 7.1.

4.3 Listing Rule 7.3.9 Waiver

The Company has been granted a waiver from Listing Rule 7.3.9 to the extent necessary to permit Resolution 3 to not include a voting exclusion statement that excludes votes in favour of the Resolution by any person who may participate in the SPP or any associate of such a person, on the following conditions:

- (a) the SPP is not underwritten, or if it is underwritten, the Company excludes any votes cast on Resolution 3 by any proposed underwriter or sub-underwriter of the SPP; and
- (b) the Company excludes any votes cast in favour of that Resolution 3 by any investor who may receive Shares under the Shortfall Offer.

4.4 Technical information required by Listing Rule 14.1A

If Resolution 3 is passed, the Company will be able to proceed with the issue of the SPP Securities. In addition, the issue of the SPP Securities 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 Resolution 3 is not passed, the Company will not be able to proceed with the issue of the SPP Securities or raise funds under the SPP.

4.5 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 3:

- (a) the SPP Securities will be issued to eligible Shareholders resident in Australia and New Zealand who have elected to participate in the SPP **(SPP Participants)**;
- (b) in accordance with paragraph 7.2 of ASX Guidance Note 21, the Company confirms that none of the SPP Participants will be:
 - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
 - (ii) issued more than 1% of the issued capital of the Company;
- (c) the maximum number of SPP Shares to be issued is 20,000,000;
- (d) the SPP Options will be issued to SPP Participants on the basis of one Option for every Share subscribed for and issued under SPP. Accordingly, the maximum number of SPP Options to be issued is 20,000,000;
- (e) the SPP Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the terms and conditions of the SPP Options are set out in Schedule 1;
- (g) the SPP Securities will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that the issue of the SPP Securities will occur on the same date;
- (h) the issue price of the SPP Shares will be \$0.025. The Company will not receive any other consideration for the issue of the SPP Shares;
- (i) the issue price of the SPP Options will be nil as they will be issued free attaching to the SPP Shares. No funds will be raised from the issue of the

SPP Options (other than in respect of funds received on exercise of the SPP Options);

- (j) the purpose of the issue of the SPP Securities is to raise up to approximately \$500,000 which will be applied towards the items set out in Section 1.3;
- (k) the SPP Securities are not being issued under an agreement; and
- (l) the SPP Securities are not being issued under, or to fund, a reverse takeover.

5. RESOLUTIONS 4 TO 6 – DIRECTOR PARTICIPATION IN SPP

5.1 General

As set out in Section 1.1 above, the Related Parties wish to participate in the SPP by subscribing for up to an aggregate of 3,600,000 Director Participation Shares and up to 3,600,000 free-attaching Director Participation Options (together, the **Director Participation Securities**). Resolutions 4, 5 and 6 seek Shareholder approval for the issue of up to 1,200,000 Director Participation Shares and up to 1,200,000 free-attaching Director Participation Options to each of the Related Parties under the SPP (**SPP Participation**).

5.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The SPP Participation will result in the issue of the Director SSP Securities which constitutes giving a financial benefit and Mr Best, Mr Willesee and Ms Beatty are related parties of the Company by virtue of being Directors.

The Directors (other than Mr Best who has a material personal interest in Resolution 4) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of Resolution 4 because the Director Participation Securities will be issued to Mr Best on the same terms as SPP Securities offered to non-related party Shareholders and as such the giving of the financial benefit is on arm's length terms.

The Directors (other than Mr Willesee who has a material personal interest in Resolution 5) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of Resolution 5 because the Director Participation Securities will be issued to Mr Willesee on the same terms as SPP Securities offered to non-related party Shareholders and as such the giving of the financial benefit is on arm's length terms.

The Directors (other than Ms Beatty who has a material personal interest in Resolution 6) consider that Shareholder approval pursuant to Chapter 2E of the

Corporations Act is not required in respect of Resolution 6 because the Director Participation Securities will be issued to Mr Downes on the same terms as SPP Securities offered to non-related party Shareholders and as such the giving of the financial benefit is on arm's length terms.

5.3 Section 195(4) of the Corporations Act

Section 195 of the Corporations Act provides that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a "material personal interest" are being considered, except in certain limited circumstances. Section 195(4) relevantly provides that if there are not enough directors to form a quorum for a directors meeting because of this restriction, one or more of the directors may call a general meeting and the general meeting may pass a resolution to deal with the matter.

It might be argued (but it is neither conceded nor, indeed, is it thought by the Board to be the case) that all of the Directors comprising the Board have a material personal interest in the outcome of Resolutions 4, 5 and 6. If each does have such an interest, then a quorum could not be formed to consider the matters contemplated by Resolutions 4, 5 and 6 at Board level.

Accordingly, for the avoidance of any doubt, and for the purpose of transparency and best practice corporate governance, the Company also seeks Shareholder approval for Resolutions 4, 5 and 6 for the purposes of section 195(4) of the Corporations Act in respect of the reliance on the arm's length terms exception and the decision not to seek Shareholder approval under Chapter 2E of the Corporations Act.

5.4 ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

The SPP Participation involves the issue of Shares and Options to the Related Parties. Accordingly, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances for the same reasons set out in Section 4.2.

5.5 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolutions 4, 5 and 6:

- (a) The maximum number of Director Participation Securities to be issued is 3,600,000 Director Participation Shares and 3,600,000 Director Participation Options, comprising of:
 - (i) up to 1,200,000 Director Participation Shares and up to 1,200,000 Director Participation Options to Mr Best (or his nominee) which is the subject of Resolution 4;
 - (ii) up to 1,200,000 Director Participation Shares and up to 1,200,000 Director Participation Options to Mr Willesee (or his nominee) which is the subject of Resolution 5; and

- (iii) up to 1,200,000 Director Participation Shares and up to 1,200,000 Director Participation Options to Ms Beatty (or her nominee) which is the subject of Resolution 6;
- (b) the Director Participation Securities will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (c) the Director Participation Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the terms and conditions of the Director Participation Options are set out in Schedule 1;
- (e) the issue price of the Director Participation Shares will be \$0.025. The Company will not receive any other consideration for the issue of the Director Participation Shares;
- (f) the issue price of the Director Participation Options will be nil as they will be issued free attaching to the Director Participation Shares. No funds will be raised from the issue of the Director Participation Options (other than in respect of funds received on exercise of the Options);
- (g) the Company intends to apply the funds raised under the Director Participation towards the items set out in Section 1.3;
- (h) the Director Participation Securities are not intended to remunerate or incentivise the Director;
- (i) the Director Participation Securities are not being issued under an agreement; and
- (j) voting exclusion statements are included in Resolutions 4, 5 and 6 of the Notice.

6. RESOLUTION 7 – APPROVAL TO ISSUE SHORTFALL SECURITIES

6.1 General

As set out in Section 1.1 above, the Company is seeking Shareholder approval for the purposes of Listing Rule 7.1 for the issue of up to 20,000,000 Shortfall Shares and 20,000,000 Shortfall Options in the event that any portion of the SPP is not taken up by eligible Shareholders (including the Directors) and therefore will form part of the Shortfall Offer. As such, the definitive number of Shortfall Shares and Shortfall Options issued under this Resolution will only be determined once the SPP has completed. Refer to Section 1.1 for further information with respect to the SPP.

6.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is set out in Section 2.2. The proposed issue of the Shortfall Shares and Shortfall Options (**Shortfall Securities**) falls within exception 17

of Listing Rule 7.2. It therefore requires the approval of Shareholders under Listing Rule 7.1.

6.3 Technical information required by Listing Rule 14.1A

If Resolution 7 is passed, the Company will be able to proceed with the issue of the Shortfall Securities. In addition, the issue of the Shortfall Securities 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 Resolution 7 is not passed, the Company will not be able to proceed with the issue of the Shortfall Securities and the amount raised under the SPP will be reduced.

6.4 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 7:

- (a) the Shortfall Securities will be issued to participants in the Shortfall Offer (**Shortfall Participants**). The allocation of Shortfall Securities under the Shortfall Offer will be determined by the Board at their discretion, in consultation with Peak and may be influenced by the following factors:
 - (i) the number of Shares applied for by participants under the SPP;
 - (ii) the overall level of demand under the SPP and Shortfall Offer;
 - (iii) the likelihood that participants will be long-term Shareholders;
 - (iv) the Company's desire to establish a wide spread of investors, including institutional investors; and
 - (v) any other factors that the Company and Peak consider appropriate,
- (b) in accordance with paragraph 7.2 of ASX Guidance Note 21, the Company confirms that none of the Shortfall Participants will be:
 - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
 - (ii) issued more than 1% of the issued capital of the Company;
- (c) the maximum number of Shortfall Shares to be issued is 20,000,000;
- (d) the Shortfall Options will be issued to Shortfall Participants on the basis of one Shortfall Option for every one Shortfall Share subscribed for and issued under the Shortfall Offer. Accordingly, the maximum number of Shortfall Options to be issued is 20,000,000;
- (e) the Shortfall Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the terms and conditions of the Shortfall Options are set out in Schedule 1;

- (g) the Shortfall Securities will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that the issue of the SPP Securities will occur on the same date;
- (h) the issue price of the Shortfall Shares will be \$0.025. The Company will not receive any other consideration for the issue of the Shortfall Shares;
- (i) the issue price of the Shortfall Options will be nil as they will be issued free attaching to the Shortfall Shares. No funds will be raised from the issue of the Shortfall Options (other than in respect of funds received on exercise of the Options);
- (j) the purpose of the issue of Shortfall Securities is to incentive Shortfall Participants and ensure the Company can raise the full \$500,000 under the SPP. The Company intends to apply the funds raised from the SPP towards the activities set out in Section 1.3;
- (k) the Shortfall Securities are not being issued under an agreement; and
- (l) the Shortfall Securities are not being issued under, or to fund, a reverse takeover.

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Company means Nanollose Limited (ACN 601 676 377).

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

Director Participation Options has the meaning provided in Section 1.1.

Director Participation Securities has the meaning provided in Section 5.1.

Director Participation Shares has the meaning provided in Section 1.1.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Listing Rules means the Listing Rules of ASX.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Peak means Copeak Corporate Pty Ltd <The Trustee for Peak Asset Management Unit Trust> (ACN 632 277 144).

Placement has the meaning provided in Section 1.1.

Placement Options has the meaning provided in Section 1.1.

Placement Participants has the meaning provided in Section 2.4(a).

Placement Shares has the meaning provided in Section 1.1.

Proxy Form means the proxy form accompanying the Notice.

Related Parties has the meaning provided in Section 1.1.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

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

Shareholder means a registered holder of a Share.

Shortfall Offer has the meaning provided in Section 1.1.

Shortfall Options has the meaning provided in Section 1.1.

Shortfall Participants has the meaning provided in Section 6.4(a).

Shortfall Securities has the meaning provided in Section 6.2.

Shortfall Shares has the meaning provided in Section 1.1.

SPP means the Company's share purchase plan explained in Section 1.1.

SPP Options has the meaning provided in Section 1.1.

SPP Participants has the meaning provided in Section 4.5(a).

SPP Participation has the meaning provided in Section 5.1.

SPP Securities has the meaning provided in Section 0.

SPP Shares has the meaning provided in Section 1.1.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF PLACEMENT OPTIONS, SPP OPTIONS, DIRECTOR PARTICIPATION OPTIONS AND SHORTFALL OPTIONS

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.05 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00pm (WST) on or before the date that is three (3) years from the date of issue (**Expiry Date**). An Option not exercised before the respective Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within five Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

Your proxy voting instruction must be received by **12.00pm (AWST) on Tuesday, 23 January 2024**, 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/#/loginsah> 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:

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IN PERSON:

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