



10 October 2014

Dear Shareholder

### **ANNUAL GENERAL MEETING**

I am pleased to invite you to attend the Annual General Meeting of Bionomics Limited to be held at 10.00 am on Wednesday 12 November 2014, in the Wheat & Wool Room at the Intercontinental Melbourne The Rialto, 495 Collins Street, Melbourne and have enclosed the Notice of Meeting and Explanatory Notes.

If you are unable to attend the meeting in person, I encourage you to return the enclosed proxy form or to cast your vote online in accordance with the instructions contained in the Notice of Meeting. The proxy form should be returned in the envelope provided, or faxed to our Share Registry on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia), so that it is received by 10.00 am on Monday 10 November 2014.

I look forward to your attendance at the meeting.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Graeme Kaufman", with a stylized flourish extending to the right.

**Graeme Kaufman**  
**Chairman**

## NOTICE OF ANNUAL GENERAL MEETING 2014

Notice is hereby given that the Annual General Meeting of Bionomics Limited ACN 075 582 740 ("the Company") will be held in the Wheat & Wool Room at the Intercontinental Melbourne The Rialto, 495 Collins Street, Melbourne at 10.00 am on Wednesday 12 November 2014 to transact the business set out below.

*Members should refer to the accompanying Explanatory Notes for further information concerning the business to be transacted at this meeting.*

### ORDINARY BUSINESS

#### ***Financial Statements and Reports***

To receive and consider the Company's Financial Report for the financial year ended 30 June 2014 and the accompanying Directors' Report and Auditor's Report.

**Note:** An electronic copy of the Company's Financial Report is available on our website [www.bionomics.com.au](http://www.bionomics.com.au).

#### ***Resolution 1 – Adoption of Remuneration Report***

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

*That the Remuneration Report for the year ended 30 June 2014 be adopted.*

**Notes:** The vote on this resolution is advisory only and does not bind the directors or the Company.

#### ***Resolution 2 – Re-election of Non-Executive Director – Mr Trevor Tappenden***

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

*That Mr Trevor Tappenden be re-elected as a director of the Company.*

**Note:** Mr Trevor Tappenden will be retiring by rotation at the Annual General Meeting as required by the Company's Constitution and, being eligible, offers himself for re-election.

### SPECIAL BUSINESS

#### ***Resolution 3 – Approval of Proposed Issue of Share Options to Dr Deborah Rathjen: For the year ended 30 June 2014***

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

*That, for the purpose of ASX Listing Rule 10.14 and for all other purposes, the issue to Dr Rathjen of 75,000 share options in the Company pursuant to the Bionomics Limited Employee Share Option Plan as described in the Explanatory Notes, is approved.*

#### ***Resolution 4 – Approval of Bionomics Limited Employee Share Plan***

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

*That, for the purposes of Sections 259B(2) and 260C(4) of the Corporations Act and ASX Listing Rule 7.2, Exception 9 and for all other purposes:*

- a) the Share Loan Plan Rules (the "Loan Plan"), a summary of which is set out in the Explanatory Notes accompanying the Notice of Meeting, is approved; and*
- b) the issue of shares under the Loan Plan is approved.*

## **Resolution 5 – Approval of Bionomics Limited Employee Share Option Plan**

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

*That, for the purpose of ASX Listing Rule 7.2, Exception 9, the issue of options pursuant to the Bionomics Limited Employee Share Option Plan, as described in the Explanatory Notes, be approved.*

## **VOTING EXCLUSION AND PROHIBITION STATEMENTS**

### **ASX Listing Rules**

In relation to Resolution 3, the Company will disregard any votes cast on this Resolution by or on behalf of any director of the Company who is eligible to participate in the employee incentive scheme in respect of which the approval is sought and any associate of any such director of the Company as required by the ASX Listing Rules.

In relation to Resolutions 4 and 5, the Company will disregard any votes cast on these Resolutions by or on behalf of a director of the Company and any associate of a director of the Company as required by the ASX Listing Rules.

However, these restrictions will not apply to a vote cast as proxy for a person who is entitled to vote on Resolutions 3, 4 or 5 (as applicable): (a) if the vote is cast in accordance with the directions on the proxy form specifying how the proxy is to vote on that Resolution; or (b) if the vote is cast by the Chairman of the meeting, in accordance with a direction on the proxy form to vote as the proxy decides on that Resolution.

### **Corporations Act**

#### ***Voting by KMP or closely related parties – Resolution 1***

As required by section 250R(4) of the Corporations Act, the Company will disregard any votes cast on Resolution 1 by or on behalf of a person who is disclosed in the Remuneration Report as one of the key management personnel of the Company (including the directors), or a closely related party of that person as these persons are not entitled to vote on the resolution in their own capacity.

However, these restrictions will not apply to a vote cast as proxy for a person who is entitled to vote on Resolution 1: (a) if the vote is cast in accordance with a direction on the proxy form specifying how the proxy is to vote on Resolution 1; or (b) if the vote is cast by the Chairman of the meeting and the appointment of the Chairman as proxy expressly authorises the Chairman to vote as he decides on Resolution 1 (even though Resolution 1 is connected directly or indirectly with the remuneration of members of the Company's key management personnel, including the Chairman).

#### ***Chairman or KMP as proxy - Resolutions 1, 3, 4 and 5***

Subject to the paragraph below, under section 250BD of the Corporations Act, the Company's key management personnel and their closely related parties are not permitted to cast a vote as a proxy for a person, if that person has not included a direction on how to vote on Resolutions 1, 3, 4 and 5 in the Proxy Form.

Where the Chairman is appointed or becomes a proxy, the Chairman is permitted by section 250BD and intends to vote undirected proxies in favour of Resolutions 1, 3, 4 and 5, as the Chairman will be expressly authorised to exercise such proxies even though Resolutions 1, 3, 4 and 5 are connected directly or indirectly to the remuneration of a member of the Company's key management personnel (which includes the Chairman).

"Key management personnel" are the directors of the Company (including the Chairman of the meeting) and those persons having the authority and responsibility for planning, directing and controlling the activities of the Company.

"Closely related parties" are the closely related parties of the key management personnel as defined in the Corporations Act, and include their spouses, children, dependants, certain other family members and controlled companies. The key management personnel are identified as such in the Remuneration Report.

## **PROXIES, POWERS OF ATTORNEY AND CORPORATE REPRESENTATIVES**

A member who is entitled to attend and vote at this meeting may appoint a proxy to attend and vote for the member at the meeting. The proxy need not be a member of the Company and may be an individual or a body corporate. For the convenience of members a proxy appointment form is enclosed.

A member who is entitled to cast more than one vote at the meeting may appoint two separate proxies to vote on their behalf. Where two proxies are appointed, the member may specify the proportion or number of votes each proxy is appointed to exercise failing which each proxy may exercise half of the member's votes. Fractions of votes will be disregarded. If a single proxy is appointed by a member that proxy may vote on a show of hands. If two proxies are appointed by a member, neither proxy may vote on a show of hands.

An appointed proxy has the same rights as the member to speak at the meeting and to join in a demand for a poll.

In order to record a valid vote, members will need to take the following steps:

- Cast your vote online by visiting [www.investorvote.com.au](http://www.investorvote.com.au) and following the instructions and information provided on the enclosed proxy form; or
- Custodian voting - For Intermediary Online subscribers only (custodians) please visit [www.intermediaryonline.com](http://www.intermediaryonline.com) to submit your voting intentions; or
- Complete and lodge the proxy form with the Company at the address or facsimile number specified below, along with any power of attorney or notarially certified copy of a power of attorney (if the proxy form is signed pursuant to a power of attorney),  
by no later than 48 hours before the Annual General Meeting (ie *by no later than 10.00 am (Melbourne time), Monday 10 November 2014*):

Bionomics Limited  
c/- Computershare Investor Services Pty Ltd  
GPO Box 242  
MELBOURNE VIC 3001

*or facsimile 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia)*

A member who is a body corporate may appoint an individual as a representative to exercise the member's voting rights at the Annual General Meeting pursuant to section 250D of the Corporations Act. Representatives will be required to present documentary evidence of their appointment on the day of the meeting.

## **DETERMINATION OF ENTITLEMENT TO ATTEND AND VOTE**

For the purpose of the Corporations Act, the Company has determined that all securities of the Company that are quoted securities at 7.00 pm (Melbourne time) on Monday 10 November 2014 will be taken, for the purpose of the Annual General Meeting, to be held by the persons who held them at that time.

## **QUESTIONS AND COMMENTS BY MEMBERS**

In accordance with the Corporations Act, the Chairman of the Annual General Meeting will allow a reasonable opportunity for members at the meeting to ask questions about, or make comments on, the management of the Company.

Similarly, the Chairman will allow a reasonable opportunity for members at the meeting to ask questions of a representative of the Company's Auditors, Deloitte Touche Tohmatsu, relevant to the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the Auditors in relation to the conduct of the audit.

Pursuant to the Corporations Act, members may submit a written question to the Company's Auditors relevant to the content of the Auditor's Report to be considered at the Annual General Meeting or the conduct of the audit of the Financial Report to be considered at the Annual General Meeting.

Questions to the Company's Auditors must be given to the Company no later than 5.00pm (Melbourne time) Wednesday 5 November 2014. The Company may examine the contents, or make a copy, of any question so submitted. A list of relevant written questions (prepared by the Company's Auditors) will be made available to members attending the Annual General Meeting at the start of the meeting.

The Chairman of the Annual General Meeting will allow a reasonable opportunity at the meeting for a representative of the Company's Auditors to answer any written questions submitted in accordance with the above procedure. If the Company's Auditor has prepared written answers to written questions, the Chairman may allow these to be tabled at the meeting and such written answers will be made available to members as soon as practicable after the meeting.

Please send any written questions for the Company's Auditors to:

Bionomics Limited  
31 Dalgleish Street  
Thebarton SA 5031  
*or facsimile: (08) 8354 6150*  
*or email: info@bionomics.com.au*

by no later than 5:00pm (Melbourne time) on Wednesday 5 November 2014.

By order of the Board

**Melanie Young**  
**Company Secretary**

Adelaide 10 October 2014

## EXPLANATORY NOTES FOR THE 2014 ANNUAL GENERAL MEETING

*These Explanatory Notes have been prepared to assist shareholders with their consideration of the resolutions set out in the Notice of Annual General Meeting dated 10 October 2014.*

### ORDINARY BUSINESS

#### Financial Statements and Reports

The *Corporations Act 2001* (Cth) (**Corporations Act**) requires the Company's Financial Report, the accompanying Auditor's Report and the Directors' Report for the year ended 30 June 2014 to be laid before the Annual General Meeting.

An electronic copy of the Company's Financial Report (and accompanying Auditor's Report and Directors' Report) is available on our website [www.bionomics.com.au](http://www.bionomics.com.au).

A reasonable opportunity for discussion of the Company's Financial Report (and accompanying Auditor's Report and Directors' Report) will be provided at the Annual General Meeting. There will be no formal resolution put to the meeting in relation to this item of ordinary business.

#### RESOLUTION 1: Adoption of Remuneration Report

The Remuneration Report for the year ended 30 June 2014 is set out in the 2013-14 financial statements, which are available on Bionomics' website at [www.bionomics.com.au](http://www.bionomics.com.au).

Pursuant to section 250R(2) of the Corporations Act, a resolution that the Remuneration Report be adopted must be put to the vote at the Company's Annual General Meeting. The vote on the proposed resolution is advisory only and does not bind the directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the Company's remuneration practices and policies.

Pursuant to the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, shareholders will be required to vote at the second of those AGMs on a resolution (a "spill resolution") to decide whether an extraordinary general meeting of shareholders (**EGM**) is to be held within 90 days of the date of that AGM to consider the election of the Company's directors (other than the CEO and Managing Director). If a spill resolution is passed (that is, more than 50% of votes cast are in favour), all of the Company's directors (other than the CEO and Managing Director) will cease to hold office at the end of the EGM, unless re-elected at that meeting.

The Chairman will allow a reasonable opportunity for members to discuss the Remuneration Report.

#### RESOLUTION 2: Re-election of Non-Executive Director

Mr Trevor Tappenden will retire by rotation at the Annual General Meeting as required by the Company's Constitution and, being eligible, offers himself for re-election.

Mr Tappenden was appointed to the Board on 15 September 2006 and last elected at the Annual General Meeting held on 14 November 2012.

Mr Tappenden commenced a career as a Non-Executive Director in 2003 after a career with Ernst & Young spanning 30 years. During his time at Ernst & Young, Mr Tappenden held a variety of positions including Managing Partner of the Melbourne Office, member of the Board of Partners, Head of the Victorian Government Services Group and National Director of the Entrepreneurial Services Division. He holds directorships in various private, government and not-for-profit organisations and is the Chairman of the Audit and Risk Management Committees of many of those organisations (in addition to Bionomics Limited).

**The Board (with Mr Tappenden abstaining), recommends that shareholders vote in favour of the re-election of Mr Tappenden.**

## **SPECIAL BUSINESS**

### **BACKGROUND TO RESOLUTION 3**

Resolution 3 set out in the Notice of Annual General Meeting is being put before shareholders for the purpose of ASX Listing Rule 10.14 and for all other purposes.

Listing Rule 10.14 requires a listed company to obtain shareholder approval for the issue of securities under an employee incentive scheme such as the Bionomics Employee Share Option Plan (**Option Plan**) to certain parties, which includes a director, or an associate of a director, of the Company.

As a consequence, the Company is required to obtain shareholder approval before issuing share options to Dr Deborah Rathjen, under the Option Plan.

Under Chapter 2E of the Corporations Act, a public company cannot give a financial benefit to a related party unless an exception applies or shareholders have in a general meeting approved the giving of that financial benefit to the related party in accordance with section 208 of the Corporations Act.

Dr Rathjen is a related party of the Company due to the fact that she is a director of the Company. The issue of share options to Dr Rathjen constitutes a “financial benefit” as described in the Corporations Act. Accordingly, the proposed issue of share options to Dr Rathjen will constitute the provision of a financial benefit to a related party of the Company.

It is the view of the directors that the exemptions under section 211 of the Corporations Act (remuneration and reimbursement) apply to the proposed option issue pursuant to Resolution 3. Accordingly, the directors are not seeking shareholder approval under section 208 of the Corporations Act, although shareholder approval must be obtained pursuant to ASX Listing Rule 10.14.

### **RESOLUTION 3: ASX Listing Rule 10.14 – Proposed Issue of Share Options to Dr Deborah Rathjen: For the year ended 30 June 2014**

Resolution 3 seeks shareholder approval for the proposed issue of share options to Dr Deborah Rathjen under the Option Plan.

**The Board (with Dr Rathjen abstaining), recommends that shareholders vote in favour of the proposed issue of share options to Dr Rathjen.**

The Company proposes to issue 75,000 share options to Dr Rathjen as part of her total remuneration package for the year ended 30 June 2014. The non-executive directors consider that these options are well deserved and that such an arrangement is in the Company's best interests as it aligns the interests of Dr Rathjen with the interests of the Company's shareholders in building sustainable value. The rationale for issuing these share options is to reward performance whilst at the same time preserving the Company's cash.

The non-executive directors have approved, subject to approval by the Company's shareholders, the offer to Dr Rathjen of 75,000 share options on the following terms:

- An exercise period commencing on the date of issue of the share options and ending on the date that is five years after the date of issue of the share options.
- Each of these share options will, if exercised at any time during the share option exercise period, entitle Dr Rathjen to subscribe for a fully paid ordinary share in the Company.
- Each share option will have an exercise price of \$0.5643. The exercise price of \$0.5643 per share option is based on a seven (7) day VWAP of the Company's shares at the end of June 2014, when the offer of share options to Dr Rathjen was approved by the non-executive directors (subject to approval by shareholders).
- The proposed options are in line with the practice for all senior management who have been invited to accept share options.

Resolution 3 is being put to shareholders for the purposes of ASX Listing Rule 10.14 and for all other purposes. The following information is provided in relation to the terms of the share options and for the purposes of ASX Listing Rule 10.15:

- (a) the maximum number of share options that may be acquired by Dr Rathjen is 75,000;
- (b) the share options will be issued to Dr Rathjen for no consideration (but will have an exercise price as described above);
- (c) Dr Rathjen was issued with 55,000 options on 17 December 2013 for no consideration (but with an exercise price of \$0.3301 per share option), Mr Graeme Kaufman was issued with 500,000 options on 17 December 2013 for no consideration (but with an exercise price of \$0.7224 per share option), after shareholder approval for these issues was obtained at the Company's 2013 Annual General Meeting;
- (d) the directors of the Company as listed below are each entitled to participate in the Option Plan:
  - Mr Graeme Kaufman
  - Dr Deborah Rathjen
  - Mr Trevor Tappenden
  - Dr Errol De Souza
  - Dr Jonathan Lim
- (e) a voting exclusion statement in respect of this Resolution is set out in the Notice of Annual General Meeting;
- (f) there is no loan in relation to the acquisition by Dr Rathjen; and
- (g) if Resolution 3 is approved, the share options are expected to be issued by 12 December 2014 (and in any event, by no later than 12 November 2015).

The share options will not be quoted on the ASX.

#### **RESOLUTION 4: ASX Listing Rule 7.2, Exception 9 – Approval of Bionomics Limited Employee Share Plan**

Resolution 4 seeks shareholder approval for the Bionomics Limited Employee Share Plan (**Share Plan**) for the purposes of ASX Listing Rule 7.2 exception 9(b), the Corporations Act and for all other purposes.

#### **The Board recommends that shareholders vote in favour of resolution 4.**

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period without shareholder approval.

ASX Listing Rule 7.2 exception 9(b) provides that ASX Listing Rule 7.1 does not apply to issues of securities under an employee incentive scheme if, within three years before the date on which the securities are issued, shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 4 is passed, the Company will be able to issue Shares under the Share Plan to eligible participants during the period up to 12 November 2017 without affecting the Company's ability to separately issue up to 15% of its total ordinary securities in any 12-month period (without having to obtain a further shareholder approval). The Board believes this will provide the Company with the flexibility necessary to raise additional capital as and when appropriate.

The Share Plan may involve the Company providing an interest-free limited recourse loan to eligible employees to purchase Shares under the Share Plan. As part of any loan arrangement, the Company would take security over the Shares to secure repayment of the loan. The Corporations Act



restricts a company from taking security over its own shares (section 259B) and financially assisting a person to acquire shares in the company (section 260A) without shareholder approval. Accordingly, as part of Resolution 4, the Company is seeking shareholder approval for the purposes of sections 259B(2) and 260C(4) of the Corporations Act to provide the loans to eligible employees, and take security over Shares, in connection with the issue of Shares under the Share Plan.

The purpose of the Share Plan is to provide Eligible Employees with an incentive to remain with the Company and to improve the longer-term performance of the Company and its returns to shareholders. It is intended that this Share Plan will enable the Company to retain and attract skilled and experienced employees and provide them with the motivation to make the Company more successful.

The following further information is provided for the purposes of Listing Rule 7.2 exception 9:

- (a) A summary of the terms of the Share Plan is set out in **Schedule 1** to these Explanatory Notes.
- (b) No securities have been issued to, or for the benefit of eligible participants under the Share Plan to date. The Share Plan will commence after shareholders approve the issue of Shares under the Share Plan pursuant to Resolution 4.
- (c) A voting exclusion statement in respect of Resolution 4 is set out in the Notice of Meeting.

#### **RESOLUTION 5: ASX Listing Rule 7.2, Exception 9 – Approval of Bionomics Limited Employee Share Option Plan**

Resolution 5 seeks shareholder approval for the Option Plan, which was previously approved by shareholders at the Company's Annual General Meeting in 2011.

#### **The Board recommends that shareholders vote in favour of resolution 5.**

The underlying purpose of the Option Plan is to align employees' and directors' interests with the Company's interests by providing them with incentive share options exercisable over staggered 5-year periods as described below (unless the employee or director ceases to be an eligible participant in the Option Plan for any reason other than by death, retrenchment or retirement). It is expected that this will enable the Company to attract and retain top-level employees and directors.

The procurement and retention of first class executives and employees capable of managing the Company's operations and achieving the Company's strategic objectives is always a difficult task for a relatively young Company, without an earnings history, such as Bionomics. In order to compete with well-established companies, the Board considers that the Company essentially has one of two choices: either offer higher cash remuneration or issue incentive based shares or share options under a plan such as the Option Plan or Share Plan (as detailed in Resolution 4).

The terms of the Option Plan are identical to the terms of the Option Plan previously approved by shareholders at the Company's Annual General Meeting in 2011. A summary of the principal terms of the Option Plan is set out in **Schedule 2**.

Since the date of the last shareholder approval of the issue of share options under the Option Plan, 6,106,750 share options have been issued under the Option Plan (of this number, 20,000 have subsequently lapsed).

A voting exclusion statement in respect of Resolution 5 is set out in the Notice of Meeting.

For a copy of the Option Plan, please contact the Company on 08 8354 6100 or by email to [info@bionomics.com.au](mailto:info@bionomics.com.au).

Adelaide  
10 October 2014

## Schedule 1 – Summary of Share Plan

<b>Eligibility</b>	The Board may from time to time determine that a full-time employee, part-time employee or a director who holds a salaried employment or office of the Company or its subsidiaries ( <b>Eligible Employee</b> ) may participate in the Share Plan.
<b>Administration of Share Plan</b>	The Share Plan will be managed by the Board which will have the power to determine the appropriate procedures for the administration of the Share Plan.
<b>Type of shares</b>	Ordinary shares (shares issued under the Share Plan being <b>Shares</b> )
<b>Invitation</b>	<p>The Board may make an invitation to an Eligible Employee to apply for shares under the Share Plan on such terms and conditions as the Board decides from time to time, including:</p> <ul style="list-style-type: none"> <li>(a) the date of allocation of the Shares;</li> <li>(b) the total number of Shares to be allocated;</li> <li>(c) the issue price per Share;</li> <li>(d) the terms of any loan in relation to the Shares;</li> <li>(e) any vesting conditions in relation to the Shares;</li> <li>(f) any events that will require the participant to compulsorily divest the Shares;</li> <li>(g) the effect on the Shares and any loan in respect of the Shares in the event of any takeover offer or scheme of arrangement in respect of the Company; and</li> <li>(h) any other terms and conditions that, in the opinion of the Board, are fair and reasonable and not inconsistent with the Share Plan.</li> </ul>
<b>Issue price</b>	<p>The issue price per Share granted under the Share Plan will be determined by the Board at its sole discretion.</p> <p>Without limiting this discretion, the Board's current intention is to determine an issue price per Share based on the market value of a Share at the time it is issued. The determination of market value will be made in good faith by the Board in accordance with the valuation methodology adopted by the Board at that time.</p>
<b>Cap on number of Shares to be issued under the Plan</b>	<p>The number of Shares offered to participants under the Share Plan must not, when aggregated with the number of Shares issued (and outstanding offers to issue under any employee share scheme) over the prior 5 years under the Share Plan or any other employee share scheme extended only to Eligible Employees, exceed 5% of the total number of issued Shares in the Company at the time the offer is made, excluding certain offers. Examples of excluded offers include those made under a disclosure document or not requiring disclosure due to section 708 of the Corporations Act.</p> <p>The Board retains the discretion to increase the cap on the number of the Shares to be issued under the Plan, so long as the increase complies with applicable law.</p>

<b>Loan</b>	<p>The Share Plan provides the Board with the discretion to invite Eligible Employees to apply for a loan (on terms and conditions determined by the Board) to fund the acquisition of the Shares.</p> <p>Without limiting this discretion, the Board's current intention is to invite participants to enter into a loan with the Company to fund the acquisition of Shares under the Share Plan (<b>Loan</b>). Such Loans are currently intended to be on the following terms:</p> <ul style="list-style-type: none"> <li>(a) the Loan will be interest-free;</li> <li>(b) the Loan will be a limited recourse loan such that the Company's recourse against a participant is limited to the amount payable by the participant at the Maturity Date (see "Repayment of the Loan" below), being the lower of: <ul style="list-style-type: none"> <li>i. the then outstanding Loan amount; or</li> <li>ii. the market value of the Shares, calculated using the last sale price on the ASX as at 5.00pm on the business day immediately prior to the Maturity Date.</li> </ul> </li> </ul> <p>As a result, the participant's liability will at all times be limited to the value of the Shares on the ASX.</p>
<b>Repayment of the Loan</b>	<p>A participant may voluntarily repay all or part of the Loan in respect of the vested Shares at any time.</p> <p>However, the Loan must be repaid on the earlier of:</p> <ul style="list-style-type: none"> <li>(a) the Maturity Date (being 60 days after the 5<sup>th</sup> anniversary of the date that Shares were acquired by the participant); or</li> <li>(b) the date on which the Shares have been compulsorily divested (as described below).</li> </ul>
<b>Company's security interest</b>	<p>Where a Loan is entered into, the Company will be granted a security interest over a participant's right, title and interest in their Shares, any bonus shares issued, any rights to take up bonus shares in relation to the Shares, the proceeds of their Shares, and any marketable securities resulting from the conversion, consolidation or subdivision of any Share. The security interest will remain in place until the Loan has been repaid in full.</p>

## **Vesting conditions**

Shares may be subject to any vesting condition as the Board determines.

Shares will vest in the participant upon all the vesting conditions being satisfied. The Board has discretion to attach individual vesting conditions to the Shares at the time they are issued. One or more vesting conditions may be attached to a portion of the Shares.

The Board may in its absolute discretion waive any or all of the vesting conditions.

If all the vesting conditions attached to some or all of the Shares are satisfied or otherwise waived by the Board, a participant may at any time (up until the Maturity Date or the participant ceases to be an Eligible Employee):

- (a) voluntarily repay the amount of the Loan outstanding on those vested Shares; or
- (b) direct the Company to sell the vested Shares on the participant's behalf and apply the proceeds of sale to the repayment of the Loan outstanding in respect of those vested Shares and in payment of the Company's expenses in relation to the sale, with the surplus (if any) to be provided to the participant.

If a participant ceases to be an Eligible Employee whilst vesting conditions remain unsatisfied, the Board may waive all of the vesting conditions if the participant is a "Good Leaver".

A **Good Leaver** is a participant who ceases to be an Eligible Employee in the following circumstances:

- (a) where the participant's employment, office or contractual relationship with the Company or one of its subsidiaries ceases due to redundancy or bona fide retirement after the age of 60; or
- (b) where the Board in its absolute discretion determines that the participant is a Good Leaver.

<p><b>Compulsory divestiture</b></p>	<p>The Company is permitted to require a participant to compulsorily divest all of a participant's unvested Shares if one or more of the following events occur:</p> <ul style="list-style-type: none"> <li>(a) if one or more of the vesting conditions have not been met or cannot be met by the relevant date;</li> <li>(b) if a participant commits any act of fraud, defalcation or gross misconduct in relation to the affairs of the Company and its subsidiaries; or</li> <li>(c) if a participant becomes bankrupt.</li> </ul> <p>If a compulsory divestiture event occurs and the Company requires a participant to compulsorily divest their unvested Shares, then the Company may:</p> <ul style="list-style-type: none"> <li>(a) buy-back those unvested Shares for an amount equal to the issue price of those Shares;</li> <li>(b) act as the participant's agent to sell those Shares in a manner required by the Board in its absolute discretion; or</li> <li>(c) otherwise require the participant to deal with those Shares in any other manner required by the Board in its absolute discretion.</li> </ul> <p>If the compulsorily divested Shares are sold, the proceeds must be used to:</p> <ul style="list-style-type: none"> <li>(a) firstly pay the Company's selling expenses (including any tax liabilities);</li> <li>(b) then to repay that part of the participant's Loan attributable to those divested Shares; and</li> <li>(c) then to refund to the participant any part of the Loan that was prepaid early,</li> </ul> <p>with the balance to be retained by the Company.</p>
<p><b>Special Circumstances</b></p>	<p>If a loan is provided to a participant, the Board currently intends that the loan will include provisions for "Special Circumstances" (described below).</p> <p>If a "Special Circumstances" event occurs, the Board may, in its absolute discretion, do one or both of the following:</p> <ul style="list-style-type: none"> <li>(a) permit the sale or transfer of any Shares acquired under the Share Plan on such terms as the Board shall determine, and require the consideration received on the sale of the Shares to be applied to the benefit of the Company until such time as the Loan outstanding on those Shares is repaid; and/or</li> <li>(b) waive part or all of the existing Loan attributable to any Shares acquired under the Share Plan.</li> </ul> <p><b>Special Circumstances</b> means any of the following:</p> <ul style="list-style-type: none"> <li>(a) a participant dies;</li> <li>(b) a participant becomes totally and permanently disabled, such that the participant is unlikely to ever engage in any occupation for which they are reasonably qualified by education, training or experience; or</li> <li>(c) the announcement of a takeover offer for the Company or a proposal for a scheme of arrangement in relation to the Company.</li> </ul>

<b>Ceasing to be an Eligible Employee</b>	<p>If a participant has a Loan and ceases to be an Eligible Employee, they must either repay the amount of the Loan outstanding with respect to any vested Shares, or direct the Company to sell those vested Shares (the proceeds to be applied to pay the Company's sale expense and to repay the Loan outstanding on those Shares, with any surplus (if any) paid to the participant).</p> <p>All of a participant's unvested Shares will be forfeited and sold and the proceeds applied in full repayment of the Loan in relation to those Shares.</p>
<b>Holding lock</b>	<p>Subject to the ASX Listing Rules, the Company will procure the Company's share registry to apply a holding lock on a participant's Shares for the period during which any amount of a Loan remains outstanding or for the period during which their Shares remain unvested (<b>Holding Lock Period</b>).</p> <p>A participant must not dispose of or grant any mortgage, charge, pledge, lien, encumbrance or other third party interest over any Shares during the Holding Lock Period (other than a charge given in favour of the Company as security for a Loan).</p>
<b>Rights attaching to shares</b>	<p><i>Ranking</i></p> <p>Shares issued under the Share Plan rank equally with all other fully paid ordinary shares on issue in the capital of the Company at the time of issue.</p> <p><i>Dividends</i></p> <p>Holders of Shares granted under the Share Plan will be entitled to participate in dividends declared and paid by the Company.</p> <p><i>Voting rights</i></p> <p>Holders of Shares granted under the Share Plan will be entitled to exercise all voting rights attached to the Shares in accordance with the Constitution.</p> <p><i>New and bonus issues</i></p> <p>Holders of Shares granted under the Share Plan have the same right to participate in new and bonus issues of Shares as conferred on other shareholders.</p> <p>If the participant has a Loan, then any shares received under a bonus issue will be treated as Shares acquired under the Share Plan for the purposes of the Loan, will be subject to the Share Plan including any holding lock on the same terms and the Company will be granted a security interest over those shares.</p> <p>A participant may elect (at their cost) to participate in any rights issues in connection with the Shares that they were issued under the Share Plan. The Board may, but is not obliged to, offer an additional loan to assist the participant to take up such rights and will determine the terms and conditions on which such loan is to be made.</p>

<b>Amendments to the Share Plan</b>	<p>Subject to the exceptions listed below, the Board may at any time by resolution amend any provision of the Share Plan. However, no amendment may be made if the amendment materially prejudices the rights of any participant as they existed before the date of the relevant amendment.</p> <p>The exceptions are:</p> <ul style="list-style-type: none"> <li>(a) amendments agreed to in writing by all participants; and</li> <li>(b) amendments introduced primarily: <ul style="list-style-type: none"> <li>i. for compliance with new laws or regulations;</li> <li>ii. to correct any manifest error or mistake;</li> <li>iii. to allow the implementation of an employee share trust arrangement in relation to the holding of the Shares granted under the Share Plan;</li> <li>iv. to enable the Company or its subsidiaries to comply with their constitutions and any other applicable law or regulation; and/or</li> <li>v. to take into consideration possible adverse taxation implications in relation to the Share Plan.</li> </ul> </li> </ul>
<b>Termination or suspension of Share Plan</b>	<p>The Board may terminate or suspend the operation of the Share Plan at any time. Termination or suspension of the Share Plan will not prejudice the accrued rights of participants.</p>

## Schedule 2 – Summary of Option Plan

<b>Eligibility</b>	All full or part-time employees of the Company or a related body corporate of the Company, who have been employed for a period of not less than 6 months (or such shorter period as the Board may determine), and all directors of the Company or a related body corporate of the Company, are eligible to participate in the Option Plan ( <b>Eligible Participants</b> ).
<b>Administration of Option Plan</b>	The Option Plan is administered by the Board who may, subject to the Corporations Act and the ASX Listing Rules, revoke or amend the terms of the Option Plan and suspend or terminate the Option Plan.
<b>Invitation</b>	The Board will invite Eligible Participants to take up share options under the Option Plan for no consideration. The Board will have the sole discretion to determine which Eligible Participants will receive invitations and when those invitations will be made.
<b>Exercise price</b>	Unless the Board determines otherwise, the exercise price of share options granted under the Plan will be the weighted average closing price of the Company's shares traded on ASX for the 7 trading days immediately preceding the date on which the invitation is made.
<b>Exercise period</b>	<p>Unless the Board determines otherwise, the share options will become exercisable during the following periods:</p> <ul style="list-style-type: none"> <li>(a) As to 1/5 of the share options the period commencing on the first anniversary of acceptance of the invitation relating to those share options;</li> <li>(b) As to 1/5 of the share options the period commencing on the second anniversary of acceptance of the invitation relating to those share options;</li> <li>(c) As to 1/5 of the share options the period commencing on the third anniversary of acceptance of the invitation relating to those share options;</li> <li>(d) As to 1/5 of the share options the period commencing on the fourth anniversary of acceptance of the invitation relating to those share options; and</li> <li>(e) As to 1/5 of the share options the period commencing on the fifth anniversary of acceptance of the invitation relating to those share options,</li> </ul> <p>and ending at 5.00pm (Adelaide time) on the date that is 5 years after the commencement of the relevant period.</p>
<b>Lapse of share options</b>	<p>The share options will lapse at the end of their relevant exercise period. However, if the Eligible Participant ceases to be an Eligible Participant for any reason (other than by death, retrenchment or retirement), then:</p> <ul style="list-style-type: none"> <li>(a) any share options held by that participant for which the exercise period has commenced will lapse 30 days after the date the participant ceased to be an Eligible Participant; and</li> <li>(b) any share options held by that participant for which the exercise period has not commenced will lapse on the date the participant ceased to be an Eligible Participant.</li> </ul>



<b>Shares issued</b>	A share issued on the exercise of a share option will be a fully paid ordinary share in the Company ranking equally with, and having the same rights and entitlements as, other ordinary shares in the Company on issue at the date of allotment of the option share (other than rights and entitlements accrued prior to the date of allotment of the option share).
<b>Restrictions on transfer of share options</b>	An Eligible Participant must not assign or transfer its share options (without the Company's consent), other than a transfer of share options to a legal personal representative in the event that an Eligible Participant has died or become subject to mental health legislation.
<b>Share options must be exercised before participation in new share issues</b>	An Eligible Participant cannot participate in new issues of shares by the Company without first exercising its share options. The Company must give notice of new share issues (other than pursuant to the Option Plan, the Share Plan, a private placement, a dividend reinvestment plan, a share purchase plan or a bonus share plan or any other employee share or option plan designated by the Board, applying from time to time) to each Eligible Participant who holds share options.

**Bionomics**  
ABN 53 075 582 740



Limited

## Lodge your vote:



**Online:**  
[www.investorvote.com.au](http://www.investorvote.com.au)




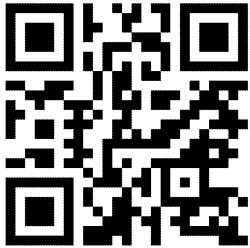
**By Mail:**  
Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

**For all enquiries call:**  
(within Australia) 1300 556 161  
(outside Australia) +61 3 9415 4000

## Proxy Form

 <b>Vote and view the annual report online</b> <ul style="list-style-type: none"><li>• Go to <a href="http://www.investorvote.com.au">www.investorvote.com.au</a> or scan the QR Code with your mobile device.</li><li>• Follow the instructions on the secure website to vote.</li></ul>	
<b>Your access information that you will need to vote:</b> <b>Control Number:</b> <b>SRN/HIN:</b> PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.	

 **For your vote to be effective it must be received by 10:00 am (Melbourne time) on Monday 10 November 2014**

## How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

## Signing Instructions for Postal Forms

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

**Joint Holding:** Where the holding is in more than one name, all of the securityholders 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 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 sign in the appropriate place to indicate the office held. Delete titles as applicable.

## Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form →**



**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

# Proxy Form


Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Bionomics Limited hereby appoint

☐ the Chairman of the Meeting **OR**

 **PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Bionomics Limited to be held in the Wheat & Wool Room, Lower Ground Floor at the Intercontinental Melbourne The Rialto, 495 Collins Street, Melbourne at 10:00 am (Melbourne time) on Wednesday, 12 November 2014 and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Items 1,3,4 & 5** (except where I/we have indicated a different voting intention below) even though **Items 1,3,4 & 5** are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on **Items 1,3,4 & 5** by marking the appropriate box in step 2 below.

## STEP 2 Items of Business



**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

### ORDINARY BUSINESS

	For	Against	Abstain
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Non-Executive Director – Mr Trevor Tappenden	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### SPECIAL BUSINESS

3 Approval of Proposed Issue of Share Options to Dr Deborah Rathjen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of Bionomics Limited Employee Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval of Bionomics Limited Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## SIGN

**Signature of Securityholder(s)** *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact  
Name

\_\_\_\_\_

Contact  
Daytime  
Telephone

\_\_\_\_\_

Date / /