

LBT INNOVATIONS LIMITED
ACN 95 107 670 673

NOTICE OF ANNUAL GENERAL MEETING

to be held at

Date: Wednesday 29 November 2017

Time: 11:00am (Adelaide time)

Place: Thomson Geer Lawyers, Level 7, 19 Gouger Street, Adelaide, South Australia, 5000

This is an important document and requires your attention

If you are in any doubt about how to deal with this document, please consult your legal, financial or other professional advisor.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that an Annual General Meeting of LBT Innovations Limited ACN 107 670 673 (**Company**) will be held at 11:00am (Adelaide time) on Wednesday 29 November 2017 at Thomson Geer Lawyers, Level 7, 19 Gouger Street, Adelaide, South Australia.

AGENDA

To receive and consider the financial report and the reports of the directors and of the auditor for the financial year ended 30 June 2017.

To receive and consider the Financial Report, Director's Report and Independent Audit Report for the Company for the financial year ended 30 June 2017.

Company performance and prospects

To receive information from the Chief Executive Officer and Managing Director about the Company's performance and future prospects.

Resolution 1 – Adoption of the Remuneration Report for the year ended 30 June 2017

To consider and if thought fit, to pass the following resolution as a non-binding ordinary resolution under section 250R(2) of the Corporations Act 2001:

'That the Remuneration Report for the year ended 30 June 2017 be adopted.'

Notes:

- (1) *This resolution is advisory only and does not bind the Company or the directors.*
- (2) *If 25% or more of votes that are cast are voted against 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') that another meeting be held within 90 days at which all of the Company's directors (other than the Managing Director) must stand for re-election.*

Voting Exclusion Statement

The Company will disregard any votes cast (in any capacity) on Resolution 1 by any Key Management Personnel, the details of whose remuneration are included in the Remuneration Report, and any Closely Related Party of such Key Management Personnel.

However, a person described above may cast a vote on Resolution 1 if the vote is not cast on behalf of a person described above and either:

- (a) the person does so as proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution; or
- (b) the Chair of the meeting is appointed as proxy and the proxy form expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Resolution 2 – Re-election of Mr Stephen Mathwin as a director

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

‘That Stephen Mathwin, who retires in accordance with clause 20.2 of the Company’s Constitution, and being eligible to stand for re-election as a director of the Company, be re-elected as a director of the Company.’

The directors unanimously recommend that you vote in favour of this resolution

Resolution 3 – Election of Dr Glenn Haifer as a director

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

‘That Glenn Haifer, being eligible to stand for election as a director of the Company, be elected as a director of the Company.’

The directors unanimously recommend that you vote in favour of this resolution

Resolution 4 – Election of Mr Matthew Michalewicz as a director

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

‘That Matthew Michalewicz, being eligible to stand for election as a director of the Company, be elected as a director of the Company.’

The directors unanimously recommend that you vote in favour of this resolution

Resolution 5 - Approval of the Issue of Options to Dr Glenn Haifer or his nominee

On the basis that Resolution 3 is approved, to consider, and if thought fit, pass the following resolution as an ordinary resolution:

‘That for the purpose of Listing Rule 10.14 and for all other purposes, the grant by the Company of 500,000 unlisted Options at an exercise price of \$0.30 per share, to the Director, Dr Glenn Haifer, or his nominee pursuant to the ESOP, on the terms and conditions set out in the Explanatory Memorandum, is approved.’

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by any director who may participate in the Employee Share Option Plan and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 6 - Approval of the Issue of Options to Mr Matthew Michalewicz or his nominee

On the basis that Resolution 4 is approved, to consider, and if thought fit, pass the following resolution as an ordinary resolution:

‘That for the purpose of Listing Rule 10.14 and for all other purposes, the grant by the Company of 500,000 unlisted Options at an exercise price of \$0.30 per share, to the Director, Matthew Michalewicz, or his nominee pursuant to the ESOP, on the terms and conditions set out in the Explanatory Memorandum, is approved.’

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by a director who may participate in the proposed issue and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 7 – Approval of a 10% Placement Facility

To consider and if thought fit, to pass the following resolution as a special resolution:

‘That, for the purposes of Listing Rule 7.1A and all other purposes, Shareholders approve the issue of Equity Securities comprising up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum.’

The directors unanimously recommend that you vote in favour of this resolution

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Dated: 27 October 2017

By order of the Board



.....
Dan Hill
Company Secretary

NOTES

- 1 The Directors have determined that the shareholding of each member for the purposes of ascertaining their voting entitlements at the Annual General Meeting will be as it appears in the share register at 7:00pm (Adelaide time) Monday 27 November 2017 Accordingly, those persons are entitled to attend and vote at the meeting.
- 2 If you are eligible, you may vote by attending the meeting in person or by proxy or attorney. A member who is a body corporate may appoint a representative to attend and vote on its behalf.
- 3 To vote by proxy, please complete, sign and return the enclosed proxy form in accordance with the following instructions. If you require an additional proxy form, the Company will supply it on request.
- 4 A member who is entitled to vote at the meeting, may appoint one proxy if the member is only entitled to one vote or one or two proxies if the member is entitled to more than one vote. A proxy need not be a member of the Company.
- 5 Where the member appoints 2 proxies, the appointment may specify the proportion or number of votes that each proxy may exercise. If the appointment does not specify a proportion or number, each proxy may exercise one-half of the votes, in which case any fraction of votes will be disregarded.
- 6 The proxy form must be signed by the member or the member's attorney. Proxies given by a corporation must be executed in accordance with the Corporations Act and the constitution of that corporation.
- 7 To be effective, the proxy form and the power of attorney or other authority (if any) under which it is signed or a certified copy, must be received by the Company at least 48 hours before the time for holding of the meeting or any adjourned meeting (or such lesser period as the Directors may permit):

By mail c/- Computershare Investor Services Pty Limited
GPO Box 242, Melbourne Victoria 3001

Online: www.investorvote.com.au

Proxies may also now be lodged electronically by casting votes online by following the prompts at www.investorvote.com.au. To use this facility, you will need your holder number (SRN or HIN), postcode and control number as shown on the proxy form. You will have been taken to have signed the proxy form if you lodge it in accordance with the instructions on the website.

Intermediaries/Custodians can vote online by visiting
www.intermediaryonline.com (subscribers only).

By facsimile to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

- 8 Any proxy form received after this deadline including at the meeting will be treated as invalid.
- 9 Except in relation to resolutions connected directly or indirectly with the remuneration of a member of the key management personnel of the Company, unless a shareholder specifically directs a proxy how to vote, the proxy may vote as he or she thinks fit or abstain from voting.
- 10 Any undirected proxies held by the other directors or any other key management personnel or their closely related parties will not be voted on resolutions connected directly or indirectly with the remuneration of a member of the key management personnel of the Company.
- 11 Subject to the following paragraph, if a shareholder appoints the chairman of the meeting as the shareholder's proxy and does not specify how the chairman is to vote on an item of

business, the chairman will vote, as proxy for that shareholder, in favour of that item on a poll.

- 12 If a shareholder wishes to appoint the chairman as proxy and does not specify how the chairman is to vote on resolutions connected directly or indirectly with the remuneration of a member of the key management personnel of the company, the shareholder must expressly authorise the chairman to exercise the vote in respect of that matter. If the shareholder does not so expressly authorise the chairman to vote how the chairman wishes in respect of that matter, the chairman may not exercise the proxy vote in respect of that matter. Shareholders are urged to read the directions on the proxy form carefully, especially if intending to appoint the chairman of the meeting as proxy.
- 13 Key management personnel of the Company are the directors of the Company and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's key management personnel for the financial year to 30 June 2017. Their closely related parties are defined in the *Corporations Act 2001*, and include certain members of their family, dependents and companies they control.

EXPLANATORY MEMORANDUM

This explanatory memorandum has been prepared to assist shareholders with their consideration of the resolutions to be put to the Annual General Meeting to be held on Wednesday 29 November 2017. These explanatory notes should be read with, and form part of, the accompanying Notice of Annual General Meeting.

To receive and consider the financial report and the reports of the directors and of the auditor for the financial year ended 30 June 2017.

The LBT Innovations Limited Annual Report 2017 (which includes the financial report, the directors' report and the auditor's report) will be presented to the meeting.

There is no requirement for shareholders to approve these reports. However, the chairman of the meeting will allow a reasonable opportunity for shareholders to ask questions about, or make comments on, the management of the Company. Shareholders will be given a reasonable opportunity to ask the auditor questions about the conduct of the audit and the content of the Auditor's Report.

A copy of the Annual Report has been sent to shareholders (where requested) and is also available on the Company's website at www.lbtinnovations.com.

Company performance and prospects

The Chief Executive Officer will be presenting about the Company's performance and future prospects.

Resolution 1 – Adoption of the Remuneration Report for the year ended 30 June 2017

The Remuneration Report of the Company for the financial year ended 30 June 2017 is set out in the Company's 2017 Annual Report.

The Remuneration Report sets out the Company's remuneration arrangements for directors, including the Managing Director, and the Company's staff. The chairman of the meeting will allow a reasonable opportunity for shareholders to ask questions about, or make comments on, the Remuneration Report at the meeting. In addition, shareholders will be asked to vote on the Remuneration Report.

The resolution is advisory only and does not bind the Company or its directors. The Board will consider the outcome of the vote and comments made by shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies.

No member of the key management personnel or closely related party of the key management personnel may vote on Resolution 1.

Any undirected proxies held by the other directors or any other key management personnel or their closely related parties will not be voted on Resolution 1.

Any undirected proxies held by the chairman may only be voted by the chairman in the event that the proxy form does not direct the chairman how to vote, but expressly authorises the chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company.

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on Resolution 1 (Adoption of Remuneration Report) by marking either **"For"**, **"Against"** or **"Abstain"** on the Voting Form for that item of business. Please read the directions on the proxy form carefully, especially if you intend to appoint the Chairperson as your proxy.

Under the Corporations Act 2001, if 25% or more of the 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) that another meeting be

held within 90 days at which all of the Company's directors (other than the Managing Director) must go up for re-election. At the last AGM, the Remuneration Report was adopted and did not receive 25% or more votes cast against its adoption.

The directors unanimously recommend that you vote in favour of this resolution.

Resolution 2 – Re-election of Mr Stephen Mathwin as a director

Stephen Mathwin was appointed to the Board on 15 November 2006 and in accordance with clause 20.2 of the Company's Constitution retires and is eligible for re-election as a director.

Stephen has more than 30 years' experience as a legal practitioner including being a partner with the Adelaide law firm, Kelly & Co from 1988 to 2001. In that time he headed the firm's Employment, Industrial Law and Superannuation Section. He was also responsible for managing much of Kelly & Co's internal risk management functions. Stephen remains a Consultant to the firm.

Stephen is Chairman of Australian Timbers Ltd and Poly Products Co Pty Ltd. He was a director of Paragon Private Equity and its associated companies, a director of the McArthur Management Group of Companies and Chairman of Cavitus Pty Ltd. Stephen is a former Deputy Chairman and Chairman of the Investment Committee of Non-Government Schools (NGS) Superannuation Fund, an industry fund with funds under management exceeding \$5 billion. During his time at NGS the fund grew from \$1.6 billion to more than \$5 billion. Stephen is also a former Chairman of the School Council of Westminster School Incorporated and is Chairman of the Investment Committee for the Westminster School Foundation.

The directors unanimously recommend that you vote in favour of this resolution.

Resolution 3 – Election of Dr Glenn Haifer as a director

Glenn Haifer was appointed to the board on 1 September 2017.

Dr Haifer has 30 years of experience in medicine and the healthcare sector and has successfully launched four different businesses operating in primary medical services, histopathology and cosmetic medical services, which he has exited through sales to private equity firms and to an ASX 200 listed entity.

Dr Haifer is an experienced company director and his current directorships include the significant histopathology business Sun Doctors and remote adventure expedition company Aurora Expeditions. He was also a director of multinational engineering services business BDS Vircon until the recent sale of the business to a subsidiary of a US listed company.

Dr Haifer also has current roles as a medical consultant to Apotex Pharmaceuticals and is the Australasian medical consultant to P&O/ Princess Cruises.

Dr Haifer is a registered Australian Specialist Medical Practitioner and a Fellow of the College of Rural and Remote Medicine. He is a member of the Australian Institute of Company Directors, and was previously a member of the American Stock Exchange in New York.

The directors unanimously recommend that you vote in favour of this resolution.

Resolution 4 – Election of Mr Matthew Michalewicz as a director

Matthew Michalewicz was appointed to the board on 1 September 2017.

Mr Michalewicz has more than 20 years' experience in starting and running high-growth tech companies, particularly in the areas of predictive analytics and optimisation software. He is currently the CEO of Complexica Pty Ltd, a provider of artificial intelligence software applications that help large organisations increase revenue, margin and customer engagement through automated analytics.

Mr Michalewicz has extensive experience as an international business executive, specialising in start-ups, raising capital, technology commercialisation, sales and marketing strategy and execution, international expansion, corporate governance and mergers and acquisitions.

Prior to co-founding Complexica, he was the CEO of SolveIT Software Pty Ltd, a provider of artificial intelligence software for optimising complex supply chains. He grew that company from zero to 180 employees during 2005- 12 while building revenue in excess of A\$20 million per annum. The company was also named the third fastest growing in Australia by Deloitte in 2012.

Mr Michalewicz is a director of three boards: ComOps Ltd (ASX:COM), Prophecy International Ltd (ASX:PRO) and Complexica, and has served on numerous other boards throughout his career.

Mr Michalewicz holds a Bachelor of Science in Business Administration, with a concentration in finance from the University of North Carolina in the US and named its 2002 Alumnus of the Year for outstanding business achievements. He completed a Company Director's Course (CDC) at the Australian Institute of Company Directors.

Mr Michalewicz has been awarded numerous prestigious awards throughout his career including Pearcey Foundation Entrepreneur of the Year, Ernst & Young Entrepreneur of the Year finalist, Forty under 40 by the Charlotte Business Journal and Entrepreneur of the Year by the Charlotte Chamber of Commerce.

The directors unanimously recommend that you vote in favour of this resolution.

Resolution 5 – Approval of the issue of Options to Dr Glenn Haifer or his nominee

Listing Rule 10.14 prohibits the issue of securities under an employee incentive scheme by the Company to a Director without prior Shareholder approval.

It is proposed that 500,000 Options be granted by the Company to Dr Glenn Haifer or his nominee. The Options will have a ten year term from 30 November 2017, being the proposed date of issue. They may be exercised after a two year vesting period and then at any time during the term at an exercise price equal to 30 cents per share, being the volume weighted average price during the five trading days prior to the appointment of Dr Haifer to the board on 1 September 2017. The full terms of the Options are set out in Annexure A to this Explanatory Memorandum.

The Board considers it reasonable to grant 500,000 Options on the terms set out in Annexure A to Dr Glenn Haifer or his nominee, having regard to the circumstances of the Company and the responsibilities of his position as Director and as a means of incentivising Dr Haifer. The value of the Options issued will not be included in Remuneration of Directors, for the purpose of calculating the Remuneration limit of Directors, as approved by Shareholders.

The Options will not be quoted on the ASX, will lapse if Dr Haifer ceases to be a Director, will be transferable only with the consent of the Board and will otherwise be issued on standard terms set out in Listing Rules insofar as treatment of the Options in the case of reconstructions, bonus and rights issues.

If approval is given under Listing Rule 10.14 approval is not required under Listing Rule 7.1, and the Options issued pursuant to this Resolution will not be included in the calculation of the Company's 15% annual placement capacity pursuant to Listing Rule 7.1.

The following information is provided to Shareholders for the purposes of Listing Rule 10.15: Options will be granted to Dr Glenn Haifer or his nominee;

- Dr Haifer, subject to his election, is a Related Party of the Company by virtue of being a Director;
- The maximum number of Options issued is 500,000;

- The exercise price of the Options has been set at the volume weighted average price during the five trading days prior to the appointment of Dr Haifer to the board on 1 September 2017;
- The Options will be issued for nil consideration;
- The Company has issued Options to persons referred in Listing Rule 10.14, under the ESOP, since Shareholder Approval on 16 November 2016, to Mr Brent Barnes, being 1,500,000 Options expiring on 7 August 2026, with an exercise price of \$0.157 per share. The Options were issued for nil consideration, and were approved by Shareholders on 16 November 2016;
- The persons referred to in Listing Rule 10.14 who are entitled to participate in the plan are all Directors, being Kate Costello, Stephen Mathwin, Caroline Pooper, Brent Barnes, Glenn Haifer and Matthew Michalewicz;
- A voting exclusion statement is included in the Notice;
- No loans are being provide in respect of the issue of the Options;
- The Company will grant the Options no later than 12 months after the date of the meeting;
- The terms and conditions of the Options are set out in Annexure A to this Explanatory Memorandum.
- No funds will be raised by the grant of the Options. In the event of exercise of the Options, funds raised will be used to augment the working capital of the Company.

The directors (with Glenn Haifer and all other Directors abstaining) recommend that you vote in favour of this resolution.

Important information for Shareholders;

The Chair will not vote any undirected proxies in relation to this Resolution unless the Shareholder expressly authorizes the Chair to exercise the proxy even though it is connected directly or indirectly with the remuneration of a member of Key Management Personnel. Please note that if the Chair of the meeting is your proxy (or becomes your proxy by default), by completing the attached proxy form, you will expressly so authorize the Chair.

Alternatively, if you appoint the Chair as your proxy, you can direct the Chair to vote for or against or abstain from voting on this Resolution by marking the appropriate box on the proxy form.

As a further alternative, Shareholders can nominate as their proxy for the purposes of this Resolution, a proxy who is not a member of the Company's Key Management Personnel or any of their Closely Related Parties. That person would be permitted to vote undirected proxies (subject to the Listing Rules).

Resolution 6 – Approval of the issue of Options to Mr Matthew Michalewicz or his nominee

Listing Rule 10.14 prohibits the issue of securities under an employee incentive scheme by the Company to a Director without prior Shareholder approval.

It is proposed that 500,000 Options be granted by the Company to Mr Matthew Michalewicz or his nominee. The Options will have a ten year term from 30 November 2017, being the proposed date of issue. They may be exercised after a two year vesting period and then at any time during the term at an exercise price equal to 30 cents per share, being the volume weighted average price during the five trading days prior to the appointment of Mr Michalewicz to the board on 1 September 2017. The full terms of the Options are set out in Annexure A to this Explanatory Memorandum.

The Board considers it reasonable to grant 500,000 Options on the terms set out in Annexure A to Mr Matthew Michalewicz or his nominee, having regard to the circumstances of the Company and the responsibilities of his position as Director and as a means of incentivising Mr Michalewicz. The value of the Options issued will not be included in Remuneration of Directors, for the purpose of calculating the Remuneration limit of Directors as approved by Shareholders.

The Options will not be quoted on the ASX, will lapse if Mr Michalewicz ceases to be a Director, will be transferable only with the consent of the Board and will otherwise be issued on standard terms set out in Listing Rules insofar as treatment of the Options in the case of reconstructions, bonus and rights issues.

If approval is given under Listing Rule 10.14 approval is not required under Listing Rule 7.1, and the Options issued pursuant to this Resolution will not be included in the calculation of the Company's 15% annual placement capacity pursuant to Listing Rule 7.1.

The following information is provided to Shareholders for the purposes of Listing Rule 10.15: Options will be granted to Mr Matthew Michalewicz or his nominee;

- Mr Michalewicz, subject to his election, is a Related Party of the Company by virtue of being a Director;
- The maximum number of Options issued is 500,000;
- The exercise price of the Options has been set at the volume weighted average price during the five trading days prior to the appointment of Mr Michalewicz to the board on 1 September 2017;
- The Options will be issued for nil consideration;
- The Company has issued Options to persons referred in Listing Rule 10.14, under the ESOP, since Shareholder Approval on 16 November 2016, to Mr Brent Barnes, being 1,500,000 Options expiring on 7 August 2026, with an exercise price of \$0.157 per share. The Options were issued for nil consideration, and were approved by Shareholders on 16 November 2016;
- The persons referred to in Listing Rule 10.14 who are entitled to participate in the plan are all Directors, being Kate Costello, Stephen Mathwin, Caroline Pooper, Brent Barnes, Glenn Haifer and Matthew Michalewicz;
- A voting exclusion statement is included in the Notice;
- No loans are being provide in respect of the issue of the Options;
- The Company will grant the Options no later than 12 months after the date of the meeting;
- The terms and conditions of the Options are set out in Annexure A to this Explanatory Memorandum.
- No funds will be raised by the grant of the Options. In the event of exercise of the Options, funds raised will be used to augment the working capital of the Company.

The directors (with Matthew Michalewicz and all other Directors abstaining) recommend that you vote in favour of this resolution.

Important information for Shareholders;

The Chair will not vote any undirected proxies in relation to this Resolution unless the Shareholder expressly authorises the Chair to exercise the proxy even though it is connected directly or indirectly with the remuneration of a member of Key Management Personnel. Please note that if the Chair of the meeting is your proxy (or becomes your proxy by default), by completing the attached proxy form, you will expressly so authorize the Chair.

Alternatively, if you appoint the Chair as your proxy, you can direct the Chair to vote for or against or abstain from voting on Resolution 6 by marking the appropriate box on the proxy form.

As a further alternative, Shareholders can nominate as their proxy for the purposes of this Resolution, a proxy who is not a member of the Company's Key Management Personnel or any of their Closely Related Parties. That person would be permitted to vote undirected proxies (subject to the Listing Rules).

Resolution 7 – Approval of a 10% Placement Facility

Background to Resolution 7

ASX Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the Annual General Meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1. An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company's market capitalisation as at 13 October 2017 was \$42.6 million (141,896,121 issued shares at \$0.30 closing price per share). Further, the Company is not included in the S&P/ASX 300 Index, and is therefore an eligible entity for the purposes of ASX Listing Rule 7.1A.

The Company is now seeking shareholder approval by way of a Special Resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2. It is the Company's intention that funds received under the 10% Placement Facility will be used to further develop the APAS, WoundVue and Microstreak assets. Funds raised under the 10% Placement Facility may also be used to supplement the Company's working capital requirements and undertake further transactions to acquire new assets or investments should the Directors determine this to be in the best interests of the Company.

Description of Listing Rule 7.1A

- a) Shareholder approval;
The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an Annual General Meeting.
- b) Equity Securities;
Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of this Notice, has on issue two classes of Equity Securities being Listed Shares and Unlisted Options.

- c) Formula for calculating 10% Placement Facility;
ASX Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an Annual General Meeting may issue or agree to issue, during the 12 month period after the date of the Annual General Meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of shares on issue 12 months before the date of issue or agreement:

- 1) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- 2) plus the number of partly paid shares that became fully paid in the 12 months;
- 3) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;

- 4) less the number of fully paid shares cancelled in the 12 months.

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

D is 10%

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

Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 141,896,121 Shares and therefore has a capacity to issue:

- 1) 21,284,418 Equity Securities under Listing Rule 7.1; and
- 2) subject to Shareholder approval being sought under this resolution, 14,189,612 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2.

Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must not be less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- 1) the date on which the price at which the Equity Securities are to be issued is agreed; or
- 2) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (1) above, the date on which the Equity Securities are issued.

The Company may also issue Equity Securities under the 10% Placement Facility as consideration for the acquisition of a new asset, in which case the Company will release to the market a valuation of those Equity Securities that demonstrates that the issue price of the securities complies with the rule above.

10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the Annual General Meeting at which the approval is obtained and expires on the earlier to occur of:

- 1) the date that is 12 months after the Annual General Meeting at which the approval is obtained; or
- 2) the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking), or such longer period if allowed by ASX (**10% Placement Period**).

Listing Rule 7.1A

The effect of this Resolution will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's placement capacity under Listing Rule 7.1.

This Resolution is a Special Resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- a. the Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:
 - 1) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - 2) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (1) above, the date on which the Equity Securities are issued.
- b. if this Resolution is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, existing Shareholders may be subject to both economic and voting power dilution. There is a risk that:
 - 1) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting;
 - 2) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date; and
 - 3) the Equity Securities are issued as part of consideration for the acquisition of a new asset, in which case, no funds will be raised by the issue of the Equity Securities.

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

The table also shows:

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

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.150 50% decrease in issue price	\$0.300 Issue price	\$0.600 100% increase in issue price
Current Variable A 141,896,121 Shares	10% voting dilution	14,189,612 Shares	14,189,612 Shares	14,189,612 Shares
	Funds raised	\$2,128,441.82	\$4,256,884	\$8,513,767
50% increase in current Variable A 212,844,182 Shares	10% voting dilution	21,284,442 Shares	21,284,442 Shares	21,284,442 Shares
	Funds raised	\$3,192,663	\$6,385,325	\$12,770,651
100% increase in current Variable A 283,792,242 Shares	10% voting dilution	28,379,224 Shares	28,379,224 Shares	28,379,224 Shares
	Funds raised	\$4,256,884	\$8,513,767	\$17,027,535

The table has been prepared on the following assumptions:

- i. the Company issues the maximum number of securities available under the additional 10% Placement Facility;
 - ii. no Unlisted Options (including any Unlisted Options issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities;
 - iii. the 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%;
 - iv. the table does not show an example of dilution that may be caused to a particular Shareholder by reasons of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the meeting;
 - v. the table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1. Dilution experienced by Shareholders may be greater if issues have been made utilising the capacity in Listing Rule 7.1 as well; and
 - vi. the issue price is \$0.30, being the closing price of the Shares on 13 October 2017.
- c) the Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under this Resolution for the issue of Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).
- d) the Company may seek to issue the Equity Securities for the following purposes:
- i. non-cash consideration for the acquisition of new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
 - ii. cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expenses associated with such acquisitions or investments), continued development expenditure on the Company's intangible assets and/or general working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A (4) and 3.10.5A upon issue of any Equity Securities.

- e) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
- a. the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
 - b. the effect of the issue of the Equity Securities on the control of the Company;
 - c. the financial situation and solvency of the Company; and
 - d. advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company acquires new assets, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new assets.

If this Resolution is approved by Shareholders, the Company may issue Equity Securities under the 10% Placement Facility during the Placement Period as and when the circumstances of the Company require.

- f) The Company has previously obtained Shareholder approval under Listing Rule 7.1A on 16 November 2016. The following is detailed information required under Listing Rule 7.3A.6 regarding Equity Securities issued since 16 November 2016;
- a. The total number of Equity Securities issued since 16 November 2016 is 24,508,048 Shares and 13,092,505 Options, representing 32.1% of the total number of Equity Securities on issue at 16 November 2016;
 - b. The details comprising the issue of 24,508,048 Shares and 13,092,505 Options are as follows;
 - i) 1,500,000 Unlisted Options exercisable at \$0.157 per share, expiring on 7 August 2026, were issued on 18 November 2016 for nil consideration, to the Managing Director of the Company, as approved by Shareholders on 16 November 2016.
 - ii) 11,399,990 fully paid Shares and 5,699,999 attaching Unlisted Options exercisable at \$0.4425, expiring 9 December 2018 were issued to sophisticated investors under a placement at \$0.31 per share cash consideration amounting to \$3,533,996, with free attaching options, on 12 December 2016. The issue price of \$0.31 per share was at a 15% discount to the closing price of \$0.365 per share on the issue date. The investors were clients of Bell Potter, of whom managed the capital raise. The amount raised has been fully spent on development of APAS and general working capital.
 - iii) 11,185,001 fully paid Shares and 5,592,506 attaching Unlisted Options exercisable at \$0.4425, expiring 9 December 2018 were issued to the same sophisticated investors in ii), under a placement at \$0.31 per share cash consideration amounting to \$3,467,350, with free attaching options, on 25 January 2017. The issue price of \$0.31 per share was at a 18.4% discount to the closing price of \$0.38 per share on the issue date. The issue of shares and options was approved by Shareholders on 18 January 2017. The investors were clients of Bell Potter, of whom managed the capital raise. The amount raised has been fully spent on development of APAS and general working capital.
 - iv) 100,000 Unlisted Options exercisable at \$0.32 per share for nil consideration, expiring on 22 December 2026, were issued on 31 January 2017, to an employee of the Company under the Company's ESOP approved by Shareholders on 16 November 2016.
 - v) 200,000 Unlisted Options exercisable at \$0.40 per share for nil consideration, expiring on 28 February 2027, were issued on 1 March 2017, to employees of the Company under the Company's ESOP approved by Shareholders on 16 November 2016.
 - vi) 1,923,057 fully paid Shares were issued at \$0.26 per Share cash consideration amounting to \$499,994, pursuant to a Share Purchase Plan on 10 July 2017 to existing Shareholders. The issue price of \$0.26 per share was at a 8.8% discount to the closing price of \$0.285 per share on the issue date. The amount raised will be used for development of APAS and general working capital. As at the date of this Notice, the amount remains unspent.
 - g) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

The Board considers that the approval of the issue of the 10% Placement Facility described above is beneficial for the Company as it provides the Company with the flexibility to issue up to the maximum number of securities permitted under Listing Rule 7.1A in the next 12 months (without further Shareholder approval), should it be required. At the date of the notice of meeting, the Company has no plans to use the 10% Placement Facility should it be approved. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of this Resolution. The Chairman intends to vote all undirected proxies in favour of this Resolution.

Glossary

In this Explanatory Memorandum, the following terms have the following unless the context otherwise requires:

"Annual General Meeting" means the annual general meeting of Shareholders convened by the Notice of Annual General Meeting.

"ASX" means ASX Limited ACN 008 624 691 or the securities exchange operated by ASX Limited (as the context requires);

"Board" means the Board of Directors from time to time.

"Closely Related Party" of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or of the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member or be influenced by the member, in the member's dealings with the Company; or
- (e) a company that the member controls.

"Company" means LBT Innovations Limited (ACN 107 670 673).

"Constitution" means the constitution of the Company.

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

"Directors" means the directors of the Company from time to time and **"Director"** means any one of them.

"Equity Securities" has the meaning given to that term in the Listing Rules.

"Explanatory Memorandum" means this explanatory memorandum.

"Key Management Personnel" means those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any Director.

"Listing Rules" means the listing rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

"Notice of Annual General Meeting" means the Notice of Annual General Meeting to which the Explanatory Memorandum is attached.

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

"Related Party" has the meaning given to that term in Section 228 of the Corporations Act.

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

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

"Trading Day" means a day determined by ASX to be a trading day in accordance with the Listing Rules.

"VWAP" means Volume Weighted Average Price of the Company's ASX-listed Shares trading under the code LBT.

Annexure A of the Explanatory Memorandum

**LBT INNOVATIONS LIMITED
ACN 107 670 673**

EMPLOYEE SHARE OPTION PLAN

PLAN TERMS

1. Name of Plan

The name of the employee share option plan established by these terms is the “LBT Innovations Employee Share Option Plan” or such other name as the Board may determine from time to time.

2. Definitions and Interpretation

2.1. Definitions

In these terms, unless the context otherwise requires:

“Acceptance Closing Day” means the day determined by the Board as being the last day on which an Eligible Participant may accept Options.

“Board” means the board of directors of the Company from time to time.

“Company” means LBT Innovations Limited ACN 107 670 673.

“Company’s Trading Policies” means the policies issued by the Company relating to the trading of the Company’s securities and exercise of rights in the Company’s securities, as issued, amended or replaced from time to time.

“Eligible Participant” means:

- (a) a person who is an employee of the Company or a Group Company and who has been a full time or part time employee of the Company or a Group Company for a period (whether continuous or not) of not less than 6 months (or such shorter period as the Board may determine); or
- (b) a director of the Company or a Group Company.

“Employee Shares” means the Shares issued during the previous 5 years pursuant to the terms of this Plan or any other employee share scheme of the Company.

“Exercise Period” means the period during which Options may be exercised, as determined in accordance with clause 8.2.

“Exercise Price” means the exercise price of an Option, as determined in accordance with clause 8.1.

“Group Company” means:

- (a) a body corporate that is a related body corporate of the Company, as defined in the *Corporations Act 2001*;
- (b) a body corporate that has voting power in the Company of not less than 20%; or
- (c) a body corporate in which the Company has voting power of not less than 20%.

“Invitation” means an invitation to Eligible Participants to take Options.

“Listing Rules” means the listing rules and any other applicable rules of any stock exchange on which the Company’s Shares are quoted, as amended or replaced from time to time.

“Marketable Parcel” has the meaning given to it in the Listing Rules.

“Misconduct” means that the Eligible Participant has been dismissed or removed due to fraud, defalcation, misconduct or doing any act which, in the reasonable opinion of the Board, bring the Company or a Group Company into disrepute.

“Option” means a right to subscribe for one Share subject to the terms of this Plan.

“Outstanding Options” means the Shares which would be issued if each outstanding Option issued under the terms of this Plan or any other employee share scheme of the Company were exercised;

“Plan” means this LBT Innovations Employee Share Option Plan.

“Relevant Stock Exchange” means, in respect of a Share, the stock exchange on which the Share is quoted.

“Retirement” means:

- (a) Eligible Participant’s resignation from the Company by reason of:
 - (i) the attainment of the age of 65 years, or such other age as the Board may from time to time specify as the maximum age for retirement, or an earlier age with the consent in writing of the Company; or
 - (ii) illness or incapacity as certified by a medical practitioner who is approved in writing by the Company; or
- (b) in the case of a non-executive director, the director ceasing to hold office as a director for any reason.

“Retrenchment” means the termination of an Eligible Participant’s employment by the Company due to his or her position becoming obsolete or redundant.

“Share” means a fully paid ordinary share in the Company.

2.2. Interpretation Rules

In these terms unless a contrary intention appears:

- (a) a reference to the terms is a reference to these terms as amended, varied, novated, supplemented or replaced from time to time;
- (b) a reference to any legislation or a provision of any legislation includes:
 - (i) all regulations, orders or instruments issued under the legislation or provision; and
 - (ii) any modification, consolidation, amendment, re-enactment, replacement or codification of such legislation or provision;
- (c) words or expressions:
 - (i) importing the singular include the plural and vice versa;
 - (ii) denoting individuals include corporations, firms, unincorporated bodies, authorities, and individuals;
- (d) where a word or phrase is defined or given a meaning, any other part of speech or grammatical form has a corresponding meaning; and
- (e) a reference to a clause number is a reference to a clause of these terms.

3. Commencement of Plan

The Plan will take effect from such date as the Board may determine.

4. Administration of Plan

The Plan will be administered by the Board, which has the power to:

- (a) determine appropriate procedures for administration of the Plan consistent with these

terms;

- (b) resolve conclusively all questions of fact or interpretation arising in connection with the Plan;
- (c) subject to any restrictions imposed by the *Corporations Act 2001* or the Listing Rules:
 - (i) revoke or amend the terms of this Plan; and
 - (ii) suspend or terminate this Plan,

but no such revocation, amendment, suspension or termination will affect the rights of an Eligible Participant issued Options before the date of the revocation, amendment, suspension or termination, or the terms of those Options.

5. Invitations to Participate

5.1. Board to Determine

Subject to clause 5.3, the Board will have the sole discretion to determine which Eligible Participants are to be issued Invitations and when those Invitations are to be made.

5.2. Invitation Requirements

Each Invitation must specify:

- (a) the maximum number of Options to which the Eligible Participant is entitled;
- (b) the date of the Acceptance Closing Day;
- (c) the Exercise Price and Exercise Period for those Options;
- (d) the manner in which the Invitation may be accepted; and
- (e) any other terms and conditions to which those Options will be subject or which must exist before any or all of the Options are issued.

5.3. Limitation on Invitations

The Company must not issue Invitations if the number of Shares to which the Options under the Invitations relate, when aggregated with the number of Outstanding Options and Employee Shares, exceeds 5% of the total number of issued Shares at the time of the Invitations.

6. Acceptance by an Eligible Participant

6.1. Acceptance Form

In order to accept Options to which he or she is entitled, an Eligible Participant must:

- (a) comply with the manner of acceptance specified in the Invitation in relation to those Options; and
- (b) ensure that such acceptance is received at the Company's registered office or such other address as the Company may specify by no later than 5.00pm (Adelaide time) on the Acceptance Closing Day.

6.2. Part Acceptance

Where an Eligible Participant elects to accept less than all of the Options offered in an Invitation, his or her election must be in multiples of 100.

7. Grant of Options

- (a) Upon the receipt of an acceptance complying with the requirements of clause 6, but subject

to any conditions or circumstances referred to in the Invitation, the Company must:

- (i) grant to an Eligible Participant, at no cost, the number of Options accepted by the Eligible Participant (provided that such number must not exceed the number of Options offered to the Eligible Participant in the Invitation to which acceptance relates); and
 - (ii) issue a certificate or holding statement for those Options.
- (b) A certificate or holding statement issued in respect of Options must specify the Exercise Price and Exercise Period of those Options.

8. Exercise Price, Exercise Period and Lapse of Options

8.1. Exercise Price

Unless otherwise determined by the Board and specified in an Invitation, the Exercise Price of Options granted under this Plan will be the weighted average closing price of Shares traded on the ASX for the 5 days of trading immediately preceding the date of an Invitation.

8.2. Exercise Period

Subject to clause 8.3 and unless otherwise determined by the Board and specified in an Invitation, Options held by an Eligible Participant will become exercisable during the period:

- (a) commencing on the date that is 2 years after the date of acceptance of the Invitation relating to those Options; and
- (b) ending at 5:00pm (Adelaide time) on the date that is 8 years after the commencement of the period.

8.3. Lapse of Options

Unless otherwise determined by the Board and specified in an Invitation:

- (a) the Exercise Period of an Option will terminate 90 days after the date on which the Eligible Participant ceases to be an Eligible Participant other than by reason of death, Retrenchment or Retirement; and
- (b) Options held by an Eligible Participant will lapse and not become exercisable upon the earlier to occur of the following:
 - i) the end of the Exercise Period;
 - ii) the Eligible Participant ceases to be an Eligible Participant due to Misconduct; or
 - iii) the Eligible Participant ceases to be an Eligible Participant before the commencement of the Exercise Period of those Options (other than by reason of death, Retrenchment or Retirement).

9. Exercise of Options

9.1. Exercise Notice

An Eligible Participant may exercise an Option which has become exercisable by sending to the Company at its principal place of business or such other address as the Company may specify, at any time during the Exercise Period:

- (a) the notice set out at the end of these terms (or any additional copy of that notice subsequently requested and received from the Company by the Eligible Participant) specifying the number of Options which the Eligible Participant wishes to exercise; and
- (b) a cheque for the amount which represents the aggregate of the Exercise Price for each of the Options to be exercised.

9.2. Marketable Parcel

Where an Eligible Participant elects to exercise less than all of his or her Options, the number exercised must not be less than the number of Options the exercise of which would result in the allotment of a Marketable Parcel of shares.

10. Allotment of Shares

10.1. Company's Obligation

As soon as reasonably practicable after the exercise of an Option by an Eligible Participant in accordance with clause 9 the Company must:

- a) allot to the Eligible Participant the Shares to which the Eligible Participant is entitled pursuant to the Options exercised;
- b) enter the name of the Eligible Participant in the Company's share register as the holders of those Shares; and
- c) issue, or cause to be issued, to the Eligible Participant a holding statement in respect of the Shares.

10.2. Ranking

Shares allotted pursuant to this Plan ("**Option Shares**") will rank equally with, and have the same rights and entitlements as, the other Shares on issue as at the date the Option Shares are allotted ("**Other Shares**"), other than any right or entitlement applicable to the Other Shares which has accrued prior to the date of allotment of the Option Shares.

11. Relevant Stock Exchange Listing

The Company must, as soon as possible after allotting any Share pursuant to these terms, apply to the Relevant Stock Exchange for quotation of that Share unless that Share is a restricted security for the purposes of the Listing Rules, in which case the Company must apply for quotation of the Share as soon as practicable after the Share ceases to be a restricted security.

12. Dealing

12.1. Restrictions on Dealing

Subject to clause 12.2, an Eligible Participant must not assign, transfer or otherwise deal with an Option without the Company's prior written consent.

12.2. Exceptions

An Option may be transferred to the legal personal representative of an Eligible Participant who has died or whose estate is liable to be dealt with under laws relating to mental health. Upon the occurrence of such a transfer, the Company must register the legal personal representative as the holder of the relevant Options and issue a certificate or holding statement to that person.

12.3. Registration of Transfer

Upon the occurrence of any transfer in accordance with this clause 12, the Company must register the transferee as the holder of the relevant Options

13. Capital Reorganisations

13.1. Consolidation

If the Company's share capital is consolidated, Options held by an Eligible Participant must be consolidated in the same ratio as Shares are consolidated. The Exercise Price of each Option so consolidated will be amended inversely to the ratio in which Shares are consolidated. In all other

respects, the terms of each Option so consolidated will remain the same as each original Option.

13.2. Sub-division

If the Company's share capital is sub-divided, Options held by an Eligible Participant will be sub-divided in the same ratio as Shares are sub-divided. The Exercise Price of each Option so sub-divided must be amended inversely to the ratio in which Shares are sub-divided. In all other respects, the terms of each Option so sub-divided will remain the same as each original Option

13.3. Return of Capital

If the amount paid up in respect of Shares is reduced by a return of capital, the number of Options held by an Eligible Participant will remain the same, but the Exercise Price of each Option must be reduced by the same amount as the amount returned in relation to each Share. In all other respects, the terms of each Option will remain the same

13.4. Cancellation in the Event of Lost Capital

If part of the amount paid up in respect of Shares is cancelled because such capital has been lost or is no longer represented by assets, but no Shares are cancelled, the number of Options held by an Eligible Participant and the Exercise Price of an Option will remain unchanged.

13.5. Pro Rata Cancellation of Capital

If Shares are cancelled on a pro rata basis, the number of Options held by an Eligible Participant will be reduced by cancelling Options in the same ratio as Shares are cancelled. The Exercise Price of each remaining Option will be amended inversely to the ratio in which the Shares are cancelled. In all other respects, the terms of each remaining Option will remain the same.

13.6. Other Reorganisations

If the Company's share capital is reorganised in any other way, the number of Options held by an Eligible Participant or the Exercise Price of an Option, or both, will be amended in accordance with the Listing Rules so that the Eligible Participant does not receive a benefit which the holder of Shares does not receive.

13.7. Listing Rules

Despite clauses 13.1 to 13.6, the rights of an Eligible Participant in respect of the Options held by the Eligible Participant are subject to the Listing Rules as they apply to capital reorganisation. In the event of any amendment to the Listing Rules, the rights of an Eligible Participant will be deemed to be amended to the extent necessary to comply with the Listing Rules as amended.

14. New Issues

14.1. Option must be Exercised

An Eligible Participant cannot, in respect of any Option held under this Plan, participate in a new issue of Shares without first exercising that Option.

14.2. Bonus Issue

If a bonus issue is made to the holders of Shares in the Company (other than pursuant to any dividend reinvestment plan or bonus share plan applying from time to time), the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Eligible Participant would have received under the bonus issue if the Eligible Participant had exercised the Option before the record date for that bonus issue.

14.3. Pro Rata Issue

If a pro rata issue (other than a bonus issue) is made to the holders of Shares, the Exercise Price of an Option must be reduced in accordance with the Listing Rules.

15. Fractional Entitlements

Any entitlements to a fraction of a Share resulting from the operation of any provision in clauses 13 and 14 will be disregarded.

16. Compliance

16.1. Compliance with Listing Rules

If there is an inconsistency between the Listing Rules and these terms, these terms will be deemed to be altered to the extent necessary to comply with the Listing Rules.

16.2. Compliance with Company's Trading Policies

Notwithstanding any provision of these Terms or an Invitation, an Eligible Participant's rights in relation to Options and Shares, including the exercise of those rights, shall at all times be subject to the Company's Trading Policies.

17. Replacement of Option Certificates

If any Option Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the registered office of the Company upon payment by the holder of the Options of the expenses incurred in connection therewith and on such terms as to evidence, surrender, indemnity and security as the Company may reasonably require.

18. Deferred Tax Treatment Applicable To Plan

Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies to the Plan (subject to the requirements of the Income Tax Assessment Act 1997 (Cth)).

19. Advice

Eligible Participants are to obtain their own advice at their own expense on financial, taxation and other consequences to them of or in relation to their participation in the Plan. By accepting an offer under the Plan, a person acknowledges that they have not relied on representation made by the Company, the Board or any member of the Board.

20. Notices

The Company will send any notices regarding the Options to the registered address of the holder as recorded in the register of Options maintained by the Company.

21. Duties and Taxes

The Company is not responsible for any duties or taxes which may become payable in connection with the issue of Options, issue and allotment of Shares pursuant to an exercise of Options or any other dealing with the Options or Shares.

22. Governing Law

These terms are governed by the law of South Australia.



LBT INNOVATIONS

LBT Innovations Limited

ACN 107 670 673

Lodge your vote:



Online:

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

For all enquiries call:

(within Australia) 1300 729 063
(outside Australia) +61 3 9415 4675

Proxy Form

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Vote and view the annual report online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number:

SRN/HIN:

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 11:00am (Adelaide time) Monday 27 November 2017

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 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 LBT Innovations 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 LBT Innovations Limited to be held at Thomson Geer Lawyers, Level 7, 19 Gouger Street, Adelaide, South Australia, 5000 on Wednesday 29 November 2017 at 11:00am (Adelaide time) 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, 5 & 6** (except where I/we have indicated a different voting intention below) even though **Items 1, 5 & 6** 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, 5 & 6** 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.

	For	Against	Abstain
1 Adoption of the Remuneration Report for the year ended 30 June 2017	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Mr Stephen Mathwin as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Election of Dr Glenn Haifer as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Election of Mr Matthew Michalewicz as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval of the Issue of Options to Dr Glenn Haifer or his nominee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Approval of the Issue of Options to Mr Matthew Michalewicz or his nominee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Approval of a 10% Placement Facility	<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 / /